MESSAGE

I am glad to note that the Vigilance Department of Hindustan Aeronautics Limited (HAL) is bringing out an updated Vigilance Manual in four volumes incorporating the changes in guidelines and developments in vigilance administration.

An effective vigilance administration requires continuous capacity building of the vigilance functionaries and all other stakeholders. Lack of clear understanding of rules, procedures and practices are often due to the absence of user friendly information in the form of compilations. I find that the earlier edition was brought out in December, 2009, and updation exercise to keep abreast with changes is welcome.

I congratulate the Vigilance Department of HAL for bringing out the updated Vigilance Manual which will not only be beneficial to the vigilance personnel but would also instil confidence in employees and other stakeholders for better corporate governance in HAL.

(Pradeep Kumar)

Satarkta Bhawan, GPO Complex, Block A, INA, New Delhi 110 023
FOREWORD

Rules, regulations, procedures and guidelines need continuous as well as periodic updation to keep them in sync with dynamic reality. I am pleased to note the effort of the Vigilance Department of HAL to completely revise and update its Manual issued in November 2009 for the benefit of HAL Community. I find that the revised four volume edition comprehensively covers all the activities of the Vigilance Department. It includes all the current instructions on Vigilance administration issued by CVC, MOD and DOPT etc.

In HAL, 2013-14 has been the year for bringing all our guidelines up to date. Our Delegation of Powers, Procurement Manual, Works Manual, Recruitment Manual, Vigilance Manual etc. all reflect today’s relativity and will help our executives to discharge their duties without fear or favour.

I complement Shri Anurag Sahay, IRS, CVO and his team of Officers for their timely initiative and contribution towards an effective and vibrant Vigilance administration in HAL.

14, January 2014
Bangalore - 560001

(RK Tyagi)
FOREWORD

Vigilance cannot be considered as an activity merely to prevent corruption. Considered holistically, it can acquire a more meaningful role. In fact, vigilance has to be seen as a part of the overall risk management mechanism of an organization whereby systems are structured in such a manner so as to prevent leakages even while making the organization transparent and accountable in its dealings with customers both internal and external.

The need of a Comprehensive Vigilance Manual has always been felt strongly so that all the relevant issues relating to a case could be examined in correct perspective and without a last minute pressure of locating the relevant instructions / guidelines here and there. Integrity of administration and honesty of officials manning it are indispensable factors to ensure good governance. The extent to which we can make our internal machinery effective and responsive to the customers depends on the sincerity and probity of the officials.

I am pleased to note that Corporate Vigilance has brought out the Vigilance Manual which consolidates various guidelines issued by the Central Vigilance Commission over the years and will be useful for carrying out the vigilance activities effectively. The Manual comprehensively covers all important aspects of Vigilance matters. The action plan for the vigilance functionaries in terms of inspections, investigations, various reports and returns have been compiled in great detail to enable effective functioning.

The current revised edition has been meticulously compiled by Vigilance department. I wish to place on record my appreciation for the initiative taken by Corporate Vigilance headed by Sri Anurag Sahay, IRS, CVO and his dedicated Team Members.

21 Feb 2014
Bangalore-560001

(V M CHAMOLA)
Director (HR)
FOREWORD

“Nothing is permanent but change” goes the famous adage. Constant updating of various rules and procedures from time to time has manifold benefits to an organisation. It is an enabling tool to be equipped to face the myriad contemporary challenges and to remain ahead of the times.

Regular review and updating of policies and manuals is also a strong indicator of an organisation which is live and active, more so for an anti corruption entity like that of the Vigilance Department. It gives the double advantage. To the Department in specific, by ensuring delivery of professional anti corruption services and the organisation in general to meet the ethical requirements in the discharge of duties which is the cornerstone of good corporate governance.

I am therefore doubly delighted that Vigilance Department in HAL which is in the forefront of pursuing regular updating and reviewing of various Manuals and policies, is leading by example by publishing the revised Vigilance Manuals. I am sure that the efforts of the Department would help HAL to deliver quality products based on strong fundamentals of integrity and ethics.

I compliment Shri Anurag Sahay, IRS, the Chief Vigilance Officer and his team for this remarkable endeavour and wish the Department all the success in partnering the HAL to reach greater heights and realise the common goals and objectives.

12th Feb 2014
Bangalore-560017

(K Naresh Babu)
Managing Director (BC)
FOREWORD

It is pleased to note that the Vigilance Department has taken up the task to revise and update the present Manuals, which was updated and issued by the Vigilance Department during November 2009.

I am happy that Shri Anurag Sahay CVO HAL and his team have decided to bring out this revised Vigilance Manual. It is a tribute to the meticulous care and thoroughness with which they have brought out this Manual, within a short span of time.

I am sure this revised version will be found useful by all sections of our officers and employees. This would also be useful to Officers of Vigilance Dept, since details contained in this version would make the vital difference between knowledge of laws and implementation thereof to achieve the desired effect.

Feb 2014

Bangalore-560001

(Dr. A K Mishra)  
Director (Finance)
FOREWORD

I am extremely happy to put on record that Vigilance Department has punctiliously revised the existing Vigilance Manuals. It is pleasure to share that HAL Vigilance Department in recent past, has taken innumerable initiatives to streamline vigilance related activities in the company.

Vigilance Manuals stipulating the legal and procedural framework is a ‘sine qua non’ for the efficient working of the Vigilance Department. Vigilance cannot be considered as an activity to merely prevent corruption. It does have a more meaningful role. In fact, Vigilance has to be seen as a part of the overall risk management mechanism of an organization whereby systems are structured in such a manner so as to prevent leakage even while making the organization transparent and accountable in its dealing with customers and stakeholders.

The objective of corruption free HAL cannot be done entirely by a small team of 40 plus Vigilance Officers. Undoubtedly, unless all stakeholders are involved in the process, effective Vigilance cannot be achieved. Every one working in their position, department have to come forward to fill the loopholes in the system.

To cull out all relevant circulars and guidelines in form of a manual is a laudable initiative. This is a major step towards bringing awareness of various Vigilance concepts and practices in the organization.

I am sure all the Manual would prove very handy to all employees in facilitating easy reference of various rules and regulations concerning vigilance related matters and would assist them in performing their duties and responsibilities in an efficient and vigilant manner.

I congratulate Shri Anurag Sahay, CVO and his team for bringing out this updated/revised manual.

15th Feb 2014
Bangalore-560017

(T. Suvarna Raju)
Director (D & D)
I am pleased to note that the Vigilance Department has undertaken the task to revise and update the Vigilance Manuals issued by the Department during November 2009. This edition is contemporary which includes the current instructions on vigilance matters issued by the DOPT, CVC directives and company policies.

Creating awareness among public servants about rules and procedures, their underlying principles and purpose; and their correct application in practical situations would definitely increase the degree of adherence to these rules and procedures. I also find that the contents of the Vigilance Manuals are logically arranged in a very simple format to be used as reference.

I compliment Shri Anurag Sahay, IRS, CVO and his team of officers for their proactive initiative and positive contribution towards a more effective and vibrant vigilance administration.

21st Feb 2014

Ojhar, Nasik – 422207
FOREWORD

It is a matter of great privilege for me to present before the HAL Community, a completely revised and updated Vigilance Manual. The present manual is released in four volumes,

Vol. 1 Organisation & Policy
Vol. 2 Disciplinary Proceedings
Vol. 3 Technical Guidelines : Procurement, Contract & Services
Vol. 4 Compendium Guidelines : CVC, MOD & HAL

We have updated the Manuals in the light of our experience in Vigilance Administration since Nov 2009, i.e. the period of release of the last manuals. We have also endeavoured to include the latest guidelines, court decisions, and the various changes in Vigilance Administration in HAL, such as Online Vigilance Clearance System, System of Vigilance Sensitisation of Recruitment Committee etc.

We accord highest priority to creating vigilance related awareness in the Company. Through our various publications, we strive to create awareness amongst our executives of the rules, regulations and guidelines which outline the perimeter of our operations. I am confident that the new vigilance manual will be a useful guide, not only to the Vigilance functionaries, but also to all the officers and workmen of the Company.

CVC in its various articulations has stressed on the need for participative vigilance. I would urge HAL Community to refer to the Manual for guidance, and contribute their share in enhancing accountability and transparency in our decision making processes.

Jai Hind.

3rd March 2014

(Anurag Sahay, IRS)
Chief Vigilance Officer
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HINDUSTAN AERONAUTICS LIMITED (HAL)

Hindustan Aeronautics Limited (HAL) came into existence on 1st October 1964. The Company was formed by the merger of Hindustan Aircraft Limited with Aeronautics India Limited and Aircraft Manufacturing Depot, Kanpur.

The Company traces its roots to the pioneering efforts of an industrialist with extraordinary vision, the late Seth Walchand Hirachand, who set up Hindustan Aircraft Limited at Bangalore in association with the erstwhile princely State of Mysore in December 1940. The Government of India became a shareholder in March 1941 and took over the Management in 1942.

Today, HAL has 19 Production Units and 10 Research & Design Centres in 8 locations in India. The Company has an impressive product track record - 15 types of Aircraft/Helicopters manufactured with in-house R & D and 14 types produced under license. HAL has manufactured over 3658 Aircraft / Helicopters, 4178 Engines, Upgraded 272 Aircraft and overhauled over 9643 Aircraft and 29775 Engines.

HAL has been successful in numerous R & D programs developed for both Defence and Civil Aviation sectors. HAL has made substantial progress in its current projects:

- Advanced Light Helicopter – Weapon System Integration (ALH-WSI)
- Tejas - Light Combat Aircraft (LCA)
- Intermediate Jet Trainer (IJT)
- Light Combat Helicopter (LCH)
- Various military and civil upgrades.

Dhruv was delivered to the Indian Army, Navy, Air Force and the Coast Guard in March 2002, in the very first year of its production, a unique achievement.

HAL has played a significant role for India's space programs by participating in the manufacture of structures for Satellite Launch Vehicles like

- PSLV (Polar Satellite Launch Vehicle)
- GSLV (Geo-synchronous Satellite Launch Vehicle)
- IRS (Indian Remote Satellite)
- INSAT (Indian National Satellite)

Apart from these, other major diversification projects are manufacture & overhaul of Industrial Marine Gas Turbine and manufacture of Composites.

HAL has formed the following Joint Ventures (JVs) :

- BAeHAL Software Limited
- Indo-Russian Aviation Limited (IRAL)
- Snecma-HAL Aerospace Pvt Ltd
- SAMTEL-HAL Display System Limited
- HALBIT Avionics Pvt Ltd
- HAL-Edgewood Technologies Pvt Ltd
- INFOTECH-HAL Ltd
- TATA-HAL Technologies Ltd
- HATSOFF Helicopter Training Pvt Ltd
- International Aerospace Manufacturing Pvt Ltd
- Multi Role Transport Aircraft Ltd

Several Co-production and Joint Ventures with international participation are under consideration.

HAL's supplies / services are mainly to Indian Defence Services, Coast Guard and Border Security Force. Transport Aircraft and Helicopters have also been supplied to Airlines as well as State Governments of India. The Company has also achieved a foothold in export in more than 30 countries, having demonstrated its quality and price competitiveness.

HAL was conferred NAVRATNA status by the Government of India on 22nd June 2007.

The Company has achieved Sales Turnover of Rs.14,316 crores during the Financial Year 2012-13. The Profit of the Company (Profit Before Tax) soared to Rs.3,471 crores.
HAL has won several International & National Awards for achievements in R&D, Technology, Managerial Performance, Exports, Energy Conservation, Quality and fulfillment of Social Responsibilities.

2. **Core Business**:

   - Design, development and production of fixed wing aircraft (fighters, trainers and transport) and helicopters, their engines, avionics and accessories.
   - Life cycle customer support through maintenance, repair and overhaul of aerospace products.
   - Manufacture of structures and integrated systems for space launch vehicles and satellites.

3. **Vision**:

   To become a significant global player in the aerospace industry.

4. **Mission**:

   To achieve self reliance in design, development, manufacture, upgrade and maintenance of aerospace equipment, diversifying into related areas and managing the business in a climate of growing professional competence to achieve world class performance standards for global competitiveness and growth in exports.

**Core Values**:

Customer Satisfaction – We are dedicated to building with our customers where we become partners in fulfilling their mission. We strive to understand our customer’s needs and to deliver products and services that fulfill and exceed all their requirements.

Commitment to Total Quality - We are committed to continuous improvement of all our activities. We will supply products and services that conform to highest standards of Design, Manufacture, Reliability, Maintainability and Fitness for use as desired by our customers.

Cost and Time Consciousness – We believe that our success depends on our ability to continually reduce the cost and shorten the delivery period of our products and services. We will achieve this by eliminating waste in all activities and continuously improving all processes in every area of our work.

Innovation and Creativity – We believe in striving for improvement in every activity involved in our business by pursuing and encouraging risk taking,
experimentation and learning at all levels within the company with a view to achieving excellence and competitiveness.

Trust and Team Spirit – We believe in achieving harmony in work-life through trust, transparency, co-operation and a sense of belonging. We will strive for building empowered teams to work towards achieving organizational goals.

Respect for the individual – We value our people. We will treat each other with dignity and respect and strive for individual growth and realization of everyone’s full potential.

Integrity – We believe in a commitment to be honest, trustworthy, and fair in all our dealings. We commit to be loyal and devoted to our organization. We will comply with all requirements so as to ensure that our organization is always worthy of trust.

5. **Citizens Charter for HAL**

This Charter is a declaration of our commitment, expectations and highest standards with total quality to achieve excellence in Design, Manufacture and Maintenance of Aerospace defence equipment, Software development for Aerospace application and Design Consultancy by managing the business on commercial lines in most fair, honest and transparent manner, with corruption free service for the benefit of the customers who are our partners in progress to ensure safe custody of public money.

**Commitment :**

We shall accomplish our mission with

(i) Absolute integrity and dedication

(ii) Total customer satisfaction

(iii) Honesty and transparency

(iv) Courtesy and promptness

(v) Fairness

(vi) Total quality

(vii) Innovation and creativity

(viii) Trust and team spirit
(ix) Respect for the individual

(x) Humility

(xi) Compassion

(xii) Commit ourselves to do our duties to the best of our ability, integrity and efficiently with the prime motto of fulfilling the customers and shareholders requirements and to rise to their expectations and beyond.

Our expectations:

We expect you to:

(i) Be prompt and reasonable

(ii) Be fair, honest and transparent in dealings

(iii) Adhere to time and delivery schedules

(iv) Extend your cooperation in all our endeavours

(v) Provide us detailed specifications

(vi) Acquaint with the systems, maintenance procedures, and product performances criterion

(vii) Indicate realistic schedule and make prompt payment

(viii) Comply with the service instructions and timely maintenance procedures

Standards:

We shall:

(i) Strictly adhere to the standards, specifications stipulated in ISO-9001

(ii) Ensure our products reflect the state-of-art technology at competitive prices

(iii) Deliver our products according to agreed delivery schedules

(iv) Produce goods and services of highest standards to fulfill all your requirements
(v) Declare that our products have gone through the strictest quality control norms and guarantee total technical life of the product

(vi) Assure you of the highest standard of service and are ever willing to share our knowledge and expertise with you.

(vii) Acknowledge all correspondence within ten working days of its receipt

(viii) Respond to all communication within twenty working days of its receipt

(ix) Clear your financial dues within thirty working days from receipt of genuine and bonafide claims

(x) Strictly adhere to the delivery schedules committed by us to you

(xi) Work as an instrument of self-reliance in aerospace defence equipment

(xii) We shall strive to attain international standards to become globally competitive. Our R&D efforts should enable us to be a strong force to reckon within the global scenario

(xiii) Make sincere efforts to meet our social obligations towards the community in general.

(xiv) Always strive to maintain cordial relations with the community

Cost and Time:

We shall:

(i) Always be sensitive to our social obligations and maintain the highest ethical standards in all our endeavours, business and economic activities

(ii) Always strive to achieve economy in all our products and services without compromising the quality standards

(iii) Always remain competitive in the market through continuous improvement in our technology

(iv) Always strive to reduce the cost and shorten the delivery schedules of our product and services, eliminate wasteful practices and continuously improve in all areas of work. We shall hold our capital assets in the public money in absolute trust and commit ourselves to achieve economic progress competently by adopting socially acceptable standards.
(v) Provide international competitive prices

**Corruption Free Services:**

We shall:

(i) Shall adopt systems and procedures which leave no scope for any corrupt practices

(ii) Maintain absolute confidentiality of the information/complaints

(iii) Believe means and ends cannot be separated. Good ends call for good means. Good means cannot but lead to good ends. There shall be no need for any one at any time to offer bribe or any other inducement for doing business with us. We shall promptly and expeditiously enquire into all genuine and legitimate complaints of corruption against any employee of our organization.

(iv) Shall always be honest and transparent and would like to be seen as honest. We shall not claim any judicial privilege for our documents and records except in rare cases that too in the interest of national security.

(v) Shall implement all the policies and directives of Central Vigilance Commission

**Complaints and grievances:**

We shall:

(i) Keep our complaint and grievance redressal machinery open and receptive to you.

(ii) Acknowledge your complaints and commit ourselves to redress them within a period of thirty working days on receipt of the complaints.

(iii) Should you still have any complaint or grievance you may take up the matter with the designated officer heading the Public Grievance Committee at our Corporate and Divisional offices.

(iv) Acknowledgement of grievances and disposal thereof within 30 days. In case of any complaint or grievance, please take up the matter with the officer nominated by the division for redressal of public grievance in the division which is headed by an officer of the DGM rank
(v) Promptly take action against the complaints by going into the genuineness and roots of the complaints and within a time frame attend to the grievances

**Helpline:**

(i) All our Divisions, Service Stations and Corporate Office are committed to provide all assistance in the selection, design, manufacture and maintenance of our products and services.

(ii) We shall equip our public relations department shall render necessary information which are of common interest.

(iii) You are also welcome to visit us at our website www.hal-india.com for immediate help and assistance to meet your product and service requirement.

(iv) A network of help line personnel has been identified in each Division/Complex, which will provide immediate assistance in various matters.
Chapter II – CONCEPT OF VIGILANCE

“On the Earth, there is enough for everyone’s need but not for their greed”

- Mahatma Gandhi, Father of the Nation

“Corruption is an insidious plague that has wide range of corrosive effects on societies, it undermines democracy and rule of law, leads to violation of human rights, distorts markets, erodes quality of life, and allows organized crime, terrorism and other threats to human societies to flourish” - Kofi Annan

1. Introduction:

One of the main functions of the State is maintenance of law and order, right of equality before law and to prevent abuse of power given by law and ensuring correct application of law. This can be ensured by watchfulness, caution and vigilance.

In primitive and medieval society the scope of public authority was minimum. Many of the matters that were looked after by the community have now become a function of the State. During the pre-independence days corruption was confined to lower ranks of the official machinery.

After independence, the emerging Indian Society placed emphasis on rapid industrialization leading to urbanization. This resulted in materialism, growing impersonalism, importance of status of possessing money, economic power etc. Added to this, the decline of the real income or purchasing power, especially that of the salaried classes, encouraged those who had the opportunities to succumb to greed.

The cumbersome and dilatory procedures and practices and the anxiety to avoid delay, has encouraged the growth of dishonest practice of speed money and it has become fairly common type of corrupt practice, particularly in matters relating to grant of license, permits, processing tenders, accepting supplies etc. the scope for corrosion is greater where substantive/discretionary decisions are taken in matters like approval of works, award of contracts, recruitment, exercising of delegated powers, etc.

There are two major contributory factors for the growth of corruption, i.e. unwillingness on the part of authorities to deal drastically with corrupt and inefficient public servants and systemic loopholes providing opportunities for corrupt practices as well as delaying and escaping prosecution and punishment.
Corruption has been defined by the Chambers Dictionary as ‘rottenness, putrid matter, impurity and bribery’. Thus the presence of corruption would affect the health of an organization. Whatever be the causes of corruption, its impact on society is devastating. Corruption distorts competition and market forces, resulting in loss to the honest entrepreneur, consumer, and the state exchequer. In a Society characterized by asymmetry of power, corruption leads to serious extortion and impoverishment of the weak and the underprivileged. It undermines the self-esteem of a citizen and leads to a vicious cycle of errant behaviour. The sense of common fate, which is so vital for a society to thrive, is eroded by corruption. Corruption strengthens the undesirable elements and weakens the worthy citizens. Corruption distorts all incentives in politics and public office.

According to the Special Chapter on `Vigilance Management in Public Sector Enterprises' published by the Central Vigilance Commission, PSEs account for a public investment of Rs.2,04,054/- crores, spread over 240 Enterprises. The original purposes, for which these Enterprises were set up, varied and included such objectives as:

(a) setting up of an infrastructure for rapid industrial growth;
(b) creation of additional employment opportunities;
(c) facilitation of balanced regional development;
(d) generation of surplus funds for further investment for economic development; and
(e) reduction in disparities in income and wealth through prevention of concentration of economic power in private lands.

Even though profit making was considered as the major objective of the PSEs, they were entrusted with more social responsibilities rather than profit making as the prime objective. Therefore, Public Sector Enterprises, in the hands of the Government were considered as the only means for economic development of the nation in the post-independence era in India.

It was till the time of economic reforms in the early 90s followed by the liberalization processes, the onus of economic development of the country lay with the Government. However, with these reforms and liberalizations having got shapes, they facilitated the entry of global companies, multi-national investors and other private sector companies. With these developments, the main function of economic development of the nation, till then with the government, got a tilt and the onus got a shift towards the non-governmental sectors. Thus, not only in India, but also all over the world a significant transformation in the role of non-governmental sectors i.e. private sectors in the economic development were witnessed. The basic objectives, for which the public sector undertakings were set up namely industrial growth and employment opportunities etc., were taken over slowly by the private sector. Therefore in an era of liberalization the PSUs have also started equipping themselves to be competitive and efficient.
In the changed economic scenario, the vigilance function itself has thus become complex. Questions are often raised with regard to consistency and credibility of decisions. In this context the CVC has stressed that PSUs should codify their rules, procedures, norms and systems in key areas such as purchases, stores, operations, finance, award of contracts and personnel management. Hence Vigilance is basically and admittedly a managerial function and therefore it is an integral part of the duties of an executive.

Vigilance is an important tool in the hands of the Management to increase productivity and profitability by plugging seepage in resources. In this sense, Vigilance acts as a profit centre for the PSU concerned. The function of the Vigilance Department is to supplement and complement the functioning of the Management and to ensure that the same is achieved by optimum honesty and obtain the maximum profit possible to the PSU. Hence, Vigilance Department in a PSU is like a watchtower and a light house to guard the interests of the Organization.

2. **Genesis of Vigilance in India**:

Vigilance means ‘watchfulness’ or to bring awareness. It is an integral part of all Government Institutions. Mere development will not be enough, its fruit should be shared equitably. Public Servants with inadequate strength of character tend to succumb to temptations by traders who are willing and capable to corrupt public servants.

Vigilance is the eyes and ears of the Management functions, to maintain a healthy organization of men and women of absolute integrity. The modern concept of integrity of public servants is that they should not use their official position to obtain any kind of financial or other advantage for themselves, their families or friends.

The clouds of corruption started gathering over India’s socio-economic horizon as early as the 1950s and the Government took cognizance of its dangerous portents for future, when it set up an expert committee known as ‘Committee on Prevention of Corruption’, under the Chairmanship of Shri K Santhanam, a well known scholar-politician of his time to suggest measures necessary to curb corruption in Central Government services as well as in Public Undertakings. The Committee suggested that a Central Vigilance Commission headed by a Central Vigilance Commissioner be set up. The Committee’s recommendations were accepted by the Government and the Central Vigilance Commission was established on 11th February 1964. Its functions inter alia were to advise Government in matter relating to corruption, misconduct, lack of integrity or other malpractice or misdemeanor on the part of public servants under the executive control of the Central Government. Following the Supreme Court’s judgement in the Vineet Naraian case, the CVC was given a statutory status with the enactment of CVC Act, 2003.
3. **Central Vigilance Commission:**

**Set-up:** In terms of the provisions made in the CVC's Act, the Commission consists of a Central Vigilance Commissioner [Chairperson] and not more than two Vigilance Commissioners [Members]. Presently, the Commission is a three member Commission consisting of the Central Vigilance Commissioner and two Vigilance Commissioners. The Central Vigilance Commissioner and the Vigilance Commissioners are appointed by the President by warrant under his hand and seal for a term of four years from the date on which they enter upon their offices or till they attain the age of sixty-five years, whichever is earlier.

**Functions and Powers of Central Vigilance Commission**

The functions and powers of the Commission, as defined in the CVC Act, are as under:

(a) To exercise superintendence over the functioning of Delhi Special Police Establishment [DSPE] insofar as it relates to investigation of offences alleged to have been committed under the PC Act or an offence with which a public servant belonging a particular category [i.e. a member of All India Services serving in connection with the affairs of the Union; or Group ‘A’ officer of the Central Government; or an officer of the Central Public Sector enterprise/autonomous organisation etc.] may be charged under the Code of Criminal Procedure at the same trial;

(b) To give directions to the DSPE for the purpose of discharging the responsibility of superintendence. The Commission, however, shall not exercise powers in such a manner so as to require the DSPE to investigate or dispose of any case in a particular manner;

(c) To inquire or cause an inquiry or investigation to be made on a reference made by the Central Government wherein it is alleged that a public servant being an employee of the Central Government or a corporation established by or under any Central Act, Government company, society and any local authority owned or controlled by that Government, has committed an offence under the PC Act; or an offence with which a public servant may, under the Code of Criminal Procedure, 1973, be charged at the same trial;

(d) To inquire or cause an inquiry or investigation to be made into any complaint against any official belonging to the following categories of officials, wherein it is alleged that he has committed an offence under the PC Act:

   (i) Members of All India Services serving in connection with the affairs of the Union;

   (ii) Group 'A' Officers of the Central Government;
(iii) Officers of Scale-V and above of public sector banks;

(iv) Such level of officers of the corporations established by or under any Central Act, Government companies, societies and other local authorities, owned or controlled by the Central Government, as that Government may, by notification in the Official Gazette, specify in this behalf, provided that till such time a notification is issued, all officers of the said corporations, companies, societies and local authorities shall be deemed to be the persons referred to in this clause.

(e) To review the progress of applications pending with the competent authorities for according sanction for prosecution under the PC Act;

(f) To review the progress of investigations conducted by the DSPE into offences alleged to have been committed under the PC Act;

(g) To tender advice to the Central Government, corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by the Central Government on such matters as may be referred to it by that Government, the said Government companies, societies and local authorities owned or controlled by the Central Government or otherwise; and

(h) To exercise superintendence over the vigilance administration of various Ministries of the Central Government or corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by that Government.

Clause 24 of the CVC Act empowers the Commission to discharge the functions entrusted to it vide Government of India’s Resolution dated 11.02.1964, insofar as those functions are not inconsistent with the provisions of the Act. Thus, the Commission will continue to perform following functions in addition to the functions enumerated above.

(a) Appointment of CVOs: The Commission would convey approval for appointment of CVOs in terms of para 6 of the Resolution, which laid down that the Chief Vigilance Officers will be appointed in consultation with the Commission and no person whose appointment as the CVO is objected to by the Commission will be so appointed.

(b) Writing ACRs of CVOs: The Central Vigilance Commissioner would continue to assess the work of the CVO, which would be recorded in the character rolls of the officer concerned in terms of para 7 of the Resolution.
(c) Commission’s advice in Prosecution cases: In cases in which the CBI considers that a prosecution should be launched and the sanction for such prosecution is required under any law to be issued in the name of the President, the Commission will tender advice, after considering the comments received from the concerned Ministry/Department/Undertaking, as to whether or not prosecution should be sanctioned.

(d) Resolving difference of opinion between the CBI and the administrative authorities: In cases where an authority other than the President is competent to sanction prosecution and the authority does not propose to accord the sanction sought for by the CBI, the case will be reported to the Commission and the authority will take further action after considering the Commission’s advice. In cases recommended by the CBI for departmental action against such employees as do not come within the normal advisory jurisdiction of the Commission, the Commission will continue to resolve the difference of opinion, if any, between the CBI and the competent administrative authorities as to the course of action to be taken.

(e) Entrusting cases to CDIs: The Commission has the power to require that the oral inquiry in any departmental proceedings, except the petty cases, to be entrusted to one of the Commissioners for Departmental Inquiries borne on its strength; to examine the report of the CDI; and to forward it to the disciplinary authority with its advice for further action.

(f) Advising on procedural aspects: If it appears that the procedure or practice is such as affords scope or facilities for corruption or misconduct, the Commission may advise that such procedure or practice be appropriately changed, or changed in a particular manner.

(g) Review of Procedure and Practices: The Commission may initiate at such intervals as it considers suitable review of procedures and practices of administration insofar as they relate to maintenance of integrity in administration.

(h) Collecting information: The Commission may collect such statistics and other information as may be necessary, including information about action taken on its recommendations.

(i) Action against persons making false complaints: The Commission may take initiative in prosecuting persons who are found to have made false complaints of corruption or lack of integrity against public servants.

(j) Jurisdiction: Clause 8(1)(g) of the CVC Act requires the Commission to tender advice to the Central Government, corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by the Central Government on such matters as may be
referred to it by that Government, said Government companies, societies and local authorities owned or controlled by the Central Government or otherwise. Thus, the types of cases to be referred to the Commission for advice, and also the status of officers against whom the cases would be referred to the Commission, may require a notification by the Government in the rules to be framed under the Act or through administrative instructions on the recommendation made by the Commission.

**CTE organisation**:

The Committee on Prevention of Corruption had recommended that the Chief Technical Examiner’s Organisation [hereinafter referred as CTEO], which was created in 1957, in the Ministry of Works, Housing & Supply for the purpose of conducting a concurrent technical audit of works of the Central Public Works Department, should be transferred to the Central Vigilance Commission so that its services may be easily available to the Central Bureau of Investigation or in inquiries made under the direction of the Central Vigilance Commission. The recommendation was accepted by the Government of India and the Chief Technical Examiner’s Organisation now functions under the administrative control of the Central Vigilance Commission as its technical wing, carrying out inspection of civil, electrical and horticulture works of the Central Government departments, public sector undertakings/enterprises of the Government of India and central financial institutions/banks etc. The jurisdiction of the organisation is coextensive with that of the Commission. The works or contracts for intensive examination are selected from the details furnished by the CVO in the quarterly progress reports sent to the CTEO. The intensive examination of works carried out by the organisations helps in detecting cases related to execution of work with substandard materials, avoidable and/or ostentatious expenditure, and undue favours or overpayment to contractors etc. At present, information in respect of civil works in progress having the tender value exceeding Rupees One crore, electrical/mechanical/ electronic works exceeding Rupee fifteen lakhs, horticulture works more than Rupee two lacs and store purchase contracts valuing more than Rupee two crores (or two high value transactions) are required to be sent by the CVOs of all organizations. However, the Chief Vigilance Officers are free to recommend other cases also, while submitting the returns for examination of a particular work, if they suspect any serious irregularities having been committed.

Out of the returns furnished by the Chief Vigilance Officer, the Chief Technical Examiners select certain works for intensive examination and intimate these to the CVOs concerned. The CVO is expected to make available all relevant documents and such other records as may be necessary, to the CTE’s team examining the works. After intensive examination of a work is carried out by the CTE’s Organisation, an inspection report is sent to the CVO. The CVO should obtain comments of various officers at the site of work or in the office at the appropriate level, and furnish their comments to the CTE with his own comments. In case the CTE recommends investigation of any matter from vigilance angle, such a
communication should be treated as a complaint and dealt with appropriately. The investigation report in such cases should be referred to the Commission for advice even if no vigilance angle emerges on investigation.

The Chief Technical Examiner’s Organisation constitutes the technical wing of the CVC and is manned by two engineers of the rank of Chief Engineers (designated as Chief Technical Examiners) with supporting engineering staff. The main functions assigned to this organization are :-

- technical audit of construction works of Government organizations from Vigilance angle.
- Investigation of specific cases of complaints relating to construction works;
- Extension of assistance to CBI in their investigations involving technical matters and for evaluation of properties in Delhi; and
- Tendering of advice/assistance to the Commission and Chief Vigilance Officers in Vigilance cases involving technical matters.

CDIs Unit :

To assist the disciplinary authorities in the expeditious disposal of oral inquiries, the Ministry of Home Affairs appointed Officers on Special Duty [later redesignated as Commissioners for Departmental Inquiries] on the strength of the Administrative Vigilance Division. On the recommendation of the Committee on Prevention of Corruption, the Commissioners for Departmental Inquiries were transferred to work under the control of the Central Vigilance Commission.

4. **Vigilance Angle** :

As defined vide CVC Office Order No.74/41/2005 dated 21st Dec 2005, Vigilance angle is obvious in the following acts :

(i) Demanding and/or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official.

(ii) Obtaining valuable thing, without consideration or with inadequate consideration from a person with whom he has or likely to have official dealings or his subordinates have official dealings or where he can exert influence.

(iii) Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a public servant.

(iv) Possession of assets disproportionate to his known sources of income.
(v) Cases of misappropriation, forgery or cheating or other similar criminal offences.

(vi) There are, however, other irregularities where circumstances will have to be weighed carefully to take a view whether the officer's integrity is in doubt. Gross or willful negligence; recklessness in decision making; blatant violations of systems and procedures; exercise of discretion in excess, where no ostensible public interest is evident; failure to keep the controlling authority/superiors informed in time – these are some of the irregularities where the disciplinary authority with the help of the CVO should carefully study the case and weigh the circumstances to come to a conclusion whether there is reasonable ground to doubt the integrity of the officer concerned.

(vii) Any undue/unjustified delay in the disposal of a case, perceived after considering all relevant factors, would reinforce a conclusion as to the presence of vigilance angle in a case.

The raison d'etre of vigilance activity is not to reduce but to enhance the level of managerial efficiency and effectiveness in the organisation. Commercial risk taking forms part of business. Therefore, every loss caused to the organisation, either in pecuniary or non-pecuniary terms, need not necessarily become the subject matter of a vigilance inquiry. Thus, whether a person of common prudence, working within the ambit of the prescribed rules, regulations and instructions, would have taken the decision in the prevailing circumstances in the commercial/operational interests of the organisation is one possible criterion for determining the bona fides of the case. A positive response to this question may indicate the existence of bona-fides. A negative reply, on the other hand, might indicate their absence.

Absence of vigilance angle in various acts of omission and commission does not mean that the concerned official is not liable to face the consequences of his actions. All such lapses not attracting vigilance angle would, indeed, have to be dealt with appropriately as per the disciplinary procedure under the service rules.

Matters pertaining to disciplinary issues like proxy attendance, long absenteeism, disorderly behaviour do not come under the purview of Vigilance angle and needs to be handled by the concerned Administrative Authority as per the extant rules of the Company.

It is therefore incumbent on part of all the Vigilance Officials to clearly understand the scope of Vigilance angle so that only those issues bearing clear cut Vigilance angle are taken up during vigilance work, lest the resources and time is spent in unproductive and non-core area defeating the scheme and purpose of vigilance in the Company.
Association of Vigilance Functionaries with work of Departmental Duties handling sensitive matters

Vide Office Memorandum No.321/77/91-AVD.III dated 3rd June 1992 Department of Personnel & Training has decided that vigilance functionaries should not be party to processing and decision making processes or in other similar administrative transactions of such nature which are likely to have a clear vigilance sensitivity.

5. **Central Bureau of Investigation**

The Central Bureau of Investigation traces its origin to the Special Police Establishment (SPE) which was set up in 1941 by the Government of India. The functions of the SPE then were to investigate cases of bribery and corruption in transactions with the War & Supply Deptt. of India during World War II. Superintendence of the S.P.E. was vested with the War Department.

Even after the end of the War, the need for a Central Government agency to investigate cases of bribery and corruption by Central Government employees was felt. The Delhi Special Police Establishment Act was therefore brought into force in 1946. This Act transferred the superintendence of the SPE to the Home Department and its functions were enlarged to cover all departments of the Govt. of India. The jurisdiction of the SPE extended to all the Union Territories and could be extended also to the States with the consent of the State Government concerned.

The DSPE acquired its popular current name, Central Bureau of Investigation (CBI), through a Home Ministry resolution dated 1.4.1963. Initially the offences that were notified by the Central Government related only to corruption by Central Govt. servants. In due course, with the setting up of a large number of public sector undertakings, the employees of these undertakings were also brought under CBI purview. Similarly, with the nationalization of the banks in 1969, the Public Sector Banks and their employees also came within the ambit of the CBI.

From 1965 onwards, the CBI has also been entrusted with the investigation of Economic Offences and important conventional crimes such as murders, kidnapping, terrorist crimes, etc., on selective basis. The SPE initially had two Wings, viz. General Offences Wing (GOW) and Economic Offences Wing (EOW). The GOW dealt with cases of bribery and corruption involving the employees of Central Government and Public Sector Undertakings. The EOW dealt with cases of violation of various economic/fiscal laws. Under this set-up, the GOW had at least one Branch in each State and the EOW in the four metropolitan cities, i.e, Delhi, Madras, Bombay and Calcutta. These EOW Branches dealt with offences reported from the Regions, i.e, each Branch had jurisdiction over several States.
As the CBI over the years established a reputation of being India’s premier investigative agency with adequate resources to deal with complicated cases, demands were made on it to make it to take up investigation of more cases of conventional crime such as murder, kidnapping, terrorism etc. Apart from this, the Supreme Court and even the High Courts of the Country, also started entrusting such cases for investigation to the CBI on petitions filed by aggrieved parties. Taking into account the fact that several cases falling under this category were being taken up for investigation by the CBI, it was found expedient to entrust such cases to the Branches having local jurisdiction.

It was therefore decided by Govt of India in 1987 to constitute two investigation Divisions in CBI, namely Anti-Corruption Division and Special Crimes Division, the latter dealing with cases of conventional crime, besides economic offences. The CBI is a Central Subject under the Constitution of India, meaning that it reports to the Indian Government and not to the individual States.

**Role and functions**

In view of the increasing corruption in civil services, the Government of India set up a committee headed by Shri K Santhanam, the then member of Parliament to study the circumstances leading into the increase in the corruption and make suitable recommendations for curbing it. The committee recommended constitution of The Central Bureau of Investigation on the pattern of Federal Bureau of Investigation of United States of America. Thus Central Bureau of Investigation was constituted under the Government of India, Ministry of Home Affairs Resolution No.4/31/61-I dated 1st April 1963. The investigation work is done through SPE Wing of the CBI which derives its police powers from the Delhi SPE Act 1946 to inquire and investigate into certain specified offences or classes of offences pertaining to corruption and other kinds of malpractices investigating public servants. The Director CBI also functions as the IGP in charge of SPE under section 4(2) of Delhi SPE Act 1946.

**Anti-Corruption Division** : The Anti-corruption Division investigates all cases registered under the PC Act and sections 161 to 165 -A and 168 IPC. The Anti corruption Division investigates cases against Public Servants in the PSU under the control of Central Government and cases against the Public Servants of State Governments entrusted to CBI by the State Governments. The Special Crimes Division handles cases relating to national security including terrorism and espionage, conventional crimes, human rights crimes and cases relating to forgery and cheating. The Economic Crimes Division deals with Bank frauds, narcotics, antiques and counterfeit currency, etc.

Every year the organization prepares a programme for Vigilance and Anti Corruption work. The object is to produce a noticeable impact of the problem in a short time. CBI collects intelligence regarding corrupt public servants. All anti-
corruption branches are required to collect intelligence on the basis of intelligence collected internally or references having been received from the Ministries or CVC or from other reliable sources, CBI registers, preliminary enquiry (PE) and regular cases (RC) against corrupt public servants. CBI essentially handles three types of anti-corruption cases in the framework of PC Act 1988.

(a) Demand and acceptance of bribe money.

(b) Showing undue favours by a public servant for consideration.

(c) possession of disproportionate assets.

Besides, it takes up cases relating to Bank Securities, frauds and the criminal breach of trust by the public servants.

**Liaison between CBI and Vigilance Dept. officials:**

The need for close liaison and co-operation between the Vigilance Department and the CBI, during the course of an inquiry and investigation and the processing of individual cases, hardly needs to be emphasised. Both, the CBI and the Chief Vigilance Officer, receive information about the activities of the public servants from diverse sources. As far as possible, the information could be crosschecked at appropriate intervals to keep officers of both the wings fully apprised with the latest developments.

The Superintendent of Police of CBI Branch frequently calls on the Head of the Department/Office etc., and discusses personally matters of mutual interest, particularly those arising from enquiries and investigations. Periodical meetings between the Chief Vigilance Officers and the Officers of the Central Bureau of Investigation helps to a great extent in avoiding unnecessary paper work and in eliminating unnecessary delay at various stages of processing cases. Such meetings are held once a quarter or more frequently. The Central Bureau of Investigation takes up the cases for investigation coming to their knowledge from many sources, such as information collected from their own sources; that received from members of public or individual public servants or public organisations; or cases referred to them by the administrative authorities or the Central Vigilance Commission. The administrative authorities and the individual public servants are expected to extend full cooperation to the CBI during the course of investigation.

The Inspector General, CBI and his staff are authorised to inspect all kinds of official records at all stages of investigation. The Heads of Departments/Offices etc. have to ensure that the Superintendent of Police of the CBI, or his authorised representatives, are given full cooperation and facilities to scrutinize all relevant records during investigation, whether preliminary or regular. If the C.B.I. wishes to check the veracity of information in their possession from the official records, even
before registration of a P.E. or R.C., they may be allowed to see the records on receipt of a request from the S.P., CBI.

Investigations are often held up or delayed on account of reluctance or delay on the part of departmental authorities to make the records available for various reasons. Sometimes, departmental authorities express their inability to release the records without the prior permission of the superior authority or the Special Police Establishment is requested to take Photostat or attested copies of documents without realising that the CBI necessarily require the original records for purpose of investigation, as the authenticity of attested or Photostat copies could be contested by the delinquent officials, thereby hampering the progress of investigation. In asking for original documents, particularly those forming part of current files, the CBI exercises due consideration so as to ensure that day to day work is not impeded. The Vigilance Dept officials may thus ensure that the documents asked for by the CBI are made available to them with the least possible delay. Where necessary, the departmental authorities may keep attested or Photostat copies of the records for meeting urgent departmental needs or for disposing of any action that may be pending on the part of the Department, without prejudice to the investigation being carried out by the CBI.

The records required by the CBI should be made available to them ordinarily within a fortnight. positively within a month from the date of receipt of the request. If, for any special reasons, it is not possible to hand over the records within a month, the matter should be brought to the notice of the Superintendent of Police of the Branch concerned, by the authority in possession of the records, pointing out the reasons for not making available the records within the specified period; and also to the notice of the Chief Vigilance Officer of the administrative Ministry concerned for such further direction as the Chief Vigilance Officer might give.

The request of the C.B.I. for information relating to pay and allowances drawn by the public servants over a certain period, in cases where such public servants are alleged to have possessed disproportionate assets, should be furnished to them within a month of receipt of requisition from the C.B.I. In cases, where it is not possible to supply this information to the Central Bureau of Investigation within the specified period, the position may be suitably indicated to the Central Bureau of Investigation and simultaneously necessary steps taken to obtain and furnish the particulars to them as expeditiously as possible. In the case of officers having served in more than one department/organization during the period under review, the Central Bureau of Investigation may address all the administrative authorities concerned simultaneously for furnishing the required information for the relevant period(s). Copies of such communications is required to be endorsed to the Chief Vigilance Officer of the Ministry concerned for furnishing information about honoraria, etc., if any, received by the suspect/delinquent officer(s).

Thus, all Vigilance Officials will render full cooperation to CBI under the supervision of Chief Vigilance Officer.
Chapter – III

VIGILANCE IN HAL

“When good people in any country cease their vigilance and struggle, then evil
men prevail.” Pearl S. Buck (American author, 1938 Nobel Prize for
Literature, 1892-1973)

1. Establishment and set up of Vigilance in HAL

Vigilance Department in HAL was set up in 1969 pursuant to the formation of
Central Vigilance Commission (CVC) (www.cvc.nic.in) based on the model
recommended by CBI.

With a view to tackle corruption and to make the functioning of investigating
and Vigilance agencies more independent, effective, credible and prompt, the
Department of Public Enterprises (Govt of India), vide their letter No 5(7)/98(GL-009)
GM dated the 25th September 1998, has recommended model vigilance set-up for
the PSEs as a broad guideline to be adopted with such modifications as may be
appropriate in the case of an individual undertaking. Based on the recommendations
made in the above letter of DPE the vigilance setup in HAL was recognized and the
present set-up was established.

During the year 1998, Vigilance functioning was bifurcated from the erstwhile
Security & Vigilance Department and present setup was established based on the
recommendations of Department of Public Enterprises. HAL Vigilance Department
has a sanctioned work force of Officers 50 & 77 workmen. Vigilance Officers and
workmen are positioned in all the Divisions of HAL spread throughout the country
who report to the CVO stationed at the Corporate Office of HAL in Bangalore.

The Vigilance department plays a vital role in ensuring the Rules and laid
down Procedures of the Govt and Company are adhered to in all circumstances and
the discretionary powers vested with the individuals are exercised judiciously so that
there is transparency in all official dealings. Vigilance Department pioneers the Anti-
Corruption work of the Company.

The Vigilance Department primarily focuses on Preventive and Punitive role.
Another role is detective / surveillance. Preventive Vigilance is a pro-active
approach, which looks at creating awareness and education on anti-corruption
measures, simplification of rules and procedures, plugging loopholes in the system
etc. Punitive vigilance deals with disciplinary action against the employees who
have engaged in corrupt activities.

The major work profile of the Department comprises of investigation of
complaints, preventive vigilance like routine and surprise inspections, regular
scrutiny of procurement and contracts files and carrying out System Studies, CTE type inspections, sensitization of employees on vigilance matters etc.

Vigilance Department in HAL has been instrumental in bringing far-reaching policy changes in almost every sphere of activity of the Company, like implementation of e-payments, e-tendering, computerization of Annual Property Returns etc to mention a few. The changes brought in due to the initiatives have not only streamlined the system but also paid rich dividends in the form of savings to the Company. The Department has been in the forefront striving consistently to improve vigilance administration, by usage of leveraging technology aiming to reduce bottlenecks/delays in systems/processes and thereby bring in more transparency and expediency in handling businesses of the organization. Vigilance department through its various preventive vigilance activities is making all efforts to reduce scope for corruption.

HAL is one of very few CPSEs to have its independent vigilance cadre, which has resulted in autonomous and efficient internal regulatory mechanism. The Head of the Vigilance Department in HAL is Chief Vigilance Officer (Officer on deputation).
VIGILANCE SET-UP IN HAL

CHAIRMAN

CHIEF VIGILANCE OFFICER

Bangalore Complex Office

Aerospace Division

Overhaul Division

F& F Division

FMD Division

M&H

Aircraft Division

LCA/LSP

Engine Division

Design Complex Office

ARDC

AERDC

MCSR & DC

Accessories Complex Office

Accessories Division’ Lucknow

TAD, Kanpur

Avionics Division (Hyd)

SLRDC

Avionics Division (Kor)

MiG Complex Office

AMD

AOD

AURDC

ED- Koraput

SED- Koraput

Helicopter Complex Office

Helicopter Division

RWRDC

Barrackpore Division

CMD

MRO

ASC

IJT/ LSP

 IMGT

CMPL
THE PLEDGE:

(Administered by Chairman, HAL to Vigilance Functionaries during the Bi-Annual Conference, 25th Apr to 27th Apr 2012)

“We, the Vigilance Professionals of Hindustan Aeronautics Limited, do hereby solemnly pledge that we shall continuously strive to bring about integrity and transparency in all spheres of our activities. We also pledge that we shall work unstintingly for eradication of corruption in all spheres of life. We shall remain vigilant and work towards the growth of our Organization. Through our collective efforts, we shall bring pride to our organization and provide value based service to our countrymen. We shall strive to achieve total satisfaction of all stakeholders through result oriented quality anti corruption services with trust, integrity and efficiency. We shall exhibit the highest standards of ethical behavior in our official and personal conduct. We shall do our duty conscientiously and act without fear or favour.”

LOGO OF VIGILANCE DEPARTMENT

The Vigilance Department of HAL has adopted a new Logo to adequately reflect its objectives and priorities.

The logo consists of three eyes. The left eye denotes a view thesis while the right eye speaks of different or contrary view ie the anti-thesis. The resultant eye, (the inner eye or third eye) is the eye of vigilance.

The third eye, as per our mythology, symbolises a state of enlightenment juxtaposed with vision and precognition. Traditionally it is gyanachakshu, the eye of knowledge enabling the functionary to have both microscopic and telescopic vision.

The motto ‘Satyameva Jayate’ owes its origin from mantra 3.1.6 from the Mandokya Upanishad signifying that it is truth alone that triumphs.
Blue colour, needless to mention, signifies calmness, objectivity as well as relates with aviation, which is the core area of the company we belong to. The tricolour enshrined within the logo connotes the pan Indian characteristic of our job profile.

The ethos of the logo is completely in alignment with vigilance stickler i.e. alertness and watchfulness as well as envisaging inquisitiveness towards learning.

**ISO CERTIFICATION :**

With a view to codify all the work processes of Vigilance Department and to adopt and execute high standards of professionalism in every sphere of anti-corruption activity, Vigilance Department of HAL has adopted Quality Policy and Quality Objectives. Vigilance Department was accredited with ISO 9001-2000 Certification in the year 2003 which is being reviewed periodically by the Certifying Agencies for continual improvement and commitment to Quality Standards. Presently Vigilance Department in HAL is ISO 9001-2008 compliant and accredited with certification. All the processes of Vigilance functioning have been codified and driven by the ‘Quality Policy’ and ‘Quality Objectives’:

**Quality Policy :**

POLICY of the Vigilance Department of Hindustan Aeronautics Limited is to make an endeavour to achieve customer’s total satisfaction through result oriented Quality Anti-Corruption Services with Trust, Integrity and Efficiency.

The Vigilance Department will consistently strive to exceed the customer’s expectations through continual improvements by meeting all applicable Regulatory requirements.

**Quality Objectives :**

1. To meet customer needs and expectations by attending to all anti-corruption issues judiciously and expeditiously in a climate of absolute professional competence and honesty by meeting all applicable regulatory requirements.

2. To sustain and maintain the highest standard of quality management system in anti-corruption services in conformity with the policies/guidelines of government of India, CBI, CVC and HAL, with Trust Integrity Efficiency and timely completion of tasks.

3. To critically examine various systems and procedures of the Company to ensure their conformity to policies and norms of Government of India CVC and HAL with a view to bring in transparency and expeditiousness in adherence by all employees.
4. To strive for continual improvements to achieve ultimate goal of Total Quality Management in Anti-Corruption Services.

The Department has Quality Manual in two Parts, viz; Part – I contains scope, QMS, Management Responsibility, Resources Management etc. Part – II contains the detailed Procedures and Work Instructions.

All the Vigilance Officers of the Department are adequately trained to understand, implement and guide the subordinate staff in the implementation of the Quality Standards as per the laid down procedures. They are also trained as Qualified Internal Auditors to carry out Internal Audit periodically of each and every Complex /Division Vigilance Unit to ensure that the Quality Management Procedures are properly implemented.

5. **Charter of Duties of Vigilance functionaries (Authority : Quality Manual Issue 02/06-07-2012) :**

(a) **Duties of Chief Vigilance Officer :**

(i) To act as a link between HAL and Central Vigilance Commission on the one hand and HAL and Ministry of Defence on the other. To investigate and report on the complaints forwarded by the Central Vigilance Commission/ Ministry against officials of HAL. Also to assist/advise the Chairman HAL, in combating corruption.

(ii) To ensure that assessments are made of the scope and modes of corruption and malpractices in the HAL and to suggest measures to check them.

(iii) To examine rules and procedures to remove loopholes and defects with a view to eliminate or minimize factors, which provide opportunities for corruption and malpractices.

(iv) To plan and enforce regular inspections, surprise checks for detecting failures in quality or speed of work, which be indicative of the existence of corruption or malpractice.

(v) To scrutinize all complaints and information received in the Corporate Office having vigilance angle and to arrange for adequate enquiries to be made and action to be taken on the reports received.

(vi) To refer to Central Bureau of Investigation in consultation with Chairman those complaints and information which require enquiries by them and to ensure that Central Bureau of Investigation is given all the assistance in all enquiries by way of arranging production of records files, etc.
(vii) Maintain proper surveillance on officers of doubtful integrity and officers who are on the Agreed List.

(viii) Ensure prompt observance of Conduct Rules regarding integrity covering (a) statements of assets and acquisitions (b) gifts (c) relatives employed in private firms or doing private business (d) benami transactions.

(ix) To ensure speedy processing of vigilance cases at all stages. About cases requiring consultation with CVC, a decision whether the case has vigilance angle shall in every case be taken by CVO.

(x) To ensure that the competent disciplinary authorities do not adopt a dilatory or lax attitude in processing vigilance cases, thus knowingly or otherwise helping the suspect, particularly in case of those officers/workmen who are due to retire.

(xi) To scrutinize final orders passed by the disciplinary authority with a view to see whether a case for review exists or not.

(xii) To ensure that charge sheet, statement of imputations, list of witnesses and documents, etc are carefully prepared and to ensure that the time period from the date of serving of charge sheet in a disciplinary case to the submission of the report of the enquiry officer should ordinarily not exceed six months.

(xiii) To collect and maintain, for the information of Chairman statistics and other particulars about vigilance and anti-corruption work done in various units of HAL.

(xiv) To place before the Chairman a list of Executives having a bad reputation or a dubious past for suitable action.

(xv) To supervise timely submission of various Reports & Returns that need to be submitted to CVC/Ministry/CBI.

(xvi) To ensure adequate training in anti-corruption measures are conducted for the officers and staff of the Department.

(xvii) To draw up a plan for the manpower requirements of the Vigilance Department and ensure that vacancies are filled up from time to time at various levels.

(xviii) Periodic interaction with SP, CBI/ACB of the concerned Branch for anti-corruption work.

(xix) Finalization of Agreed List in consultation with CBI authorities.
(xx) The CVO will assess the performance of the Vigilance officers in the capacity of Initiating Authority/Reviewing Authority as the case may be and would be responsible for the general administration (including detailing for training, transfer/job rotation, promotion, sanction of leave, disciplinary action etc) of the Vigilance officers and workmen in the Divisions and Corporate Office.

(xxi) The CVO is vested with the financial powers within the sanctioned budget for the Vigilance Department and administrative authority equivalent to that of the Functional Director of HAL for the smooth functioning of the Vigilance Department.

(b) **Duties of Desk Officer, Admin-Vigilance at Corporate Office:**

(i) Manpower planning & staffing, Promotion, Job rotation and recruitment.

(ii) Training of Vigilance and Non Vigilance functionaries.

(iii) Preparation and circulation of Action Plan.


(v) Half Yearly Report on information on Board Level Appointees.

(vi) ODI List.

(vii) **Anti –Corruption Work :**

   (a) Processing of complaints till disposal
   (b) Processing of disciplinary cases till disposal
   (c) Handling cases pertaining to CVC /CBI/Ministry /HAL till disposal
   (d) Vetting of Vigilance cases, charge sheets , review of cases
   (e) Investigation of cases.
   (f) Replies to Lok Sabha / Rajya Sabha Questions pertaining to HAL.

(viii) Organizing Annual Vigilance Awareness Week at Corporate office and preparation of report.

(ix)

(x) Capital and Revenue Budget of Vigilance Department.

(xi) Conduct of Biannual vigilance Officers meeting.

(xii) Vigilance clearance.

(xiii) Handling of CVO’s Complaint Register and Anonymous Complaint register.
(xiv) Value addition in significant vigilance cases.
(xv) Interaction with Legal Cell of Corporate Office on status of vigilance cases.
(xvi) Any other task assigned by the CVO.

(c) **Duties of Desk Officer, Technical - Vigilance at Corporate Office:**

(i) Advisor to CVO on all vigilance matters involving technical works and Contracts.

(ii) Render expert opinion related to technical works and contracts on investigation reports.

(iii) Scrutinise all reports pertaining to CVC (CTE’S Organisation) on works contracts undertaken by the Divisions for onward submission to CVC.

(iv) Scrutinize observations /actions recommended by the CTE on examination of works contracts of all Divisions of HAL. Coordinate replies by the Engineering Works Department of all Divisions for satisfactory settlement of observations.

(v) Advise the CVO on amendment of Works and Contracts procedure from time to time following instructions of CVC/CTE and other Govt Departments, including monitoring of revision of Works and Contracts Manual.

(vi) Carry out inspection of selected works contracts of all divisions of HAL and recommend actions on irregularities /lapses in coordination with HOD 's (Vig) of the division

(vii) Study Contracts from Vigilance angle and other systems of Works Engineering matters and advice CVO for amendments to existing procedures/ systems and issuance of instructions.

(viii) Any other task assigned by the CVO.

(d) **Duties of Desk Officer at Corporate Office:**

(i) Assist the CVO in the preparation of Reports & Returns to be forwarded to the Ministry, CVC and/or other authorities.

(ii) Scrutinize all the reports & returns, minutes of VCMs received from the assigned Divisions/Complexes.

(iii) Analyze and process all the investigation reports of the assigned divisions and review disciplinary proceedings when called for.
(iv) Participate in the Quarterly Vigilance Committee Meetings of the Divisions assigned as CVO’s representative.

(iv) Any other task assigned by the CVO.

(e) **Duties of Vigilance HoD at Complex:**

(i) Responsible for all the Vigilance matters of the Complex

(ii) As Head of Vigilance Dept at the Complex level, he will maintain and supervise the functioning and discipline of HODs positioned in the Divisions under the respective Complex.

(iii) As HOD of Complex he will report to the CVO.

(iv) Responsible for move of subordinate staff to cover Liaison office under jurisdiction for vigilance inspection and to other stations for vigilance investigation.

(v) Supervise and analyse all reports and returns and investigation reports submitted by HODs of Divisions and forward the same to the CVO with his comments/recommendations.

(vi) Participate in all the Quarterly Vigilance Committee Meetings of the Divisions.

(vii) Scrutinize and analyze those complaints specific to the Complex and information containing allegations of corruption and malpractice and investigate the matter and forward a report to the CVO.

(viii) Maintain liaison with various law enforcement agencies including Anti Corruption Branch of the CBI in anti-corruption work.

(ix) Liaise with Complex Head of HR Department in ensuring speedy/timely disposal of Vigilance Cases.

(x) Issue Vigilance Clearance in respect of officers in Grade – IV to VI of officers from Division and all officers upto Grade-VI and staff in his Complex Office.

(xi) Ensure that Vigilance HODs in the Division carry out tasks as enumerated in the Action Plan.

(xii) Any other task assigned by the CVO.
**Duties of Vigilance HoD in the Division:**

(i) Responsible for all the Vigilance matters of the Division

(ii) Maintain and supervise the functioning and discipline of his Department.

(iii) As Divisional Head he will report to Complex Head of Vigilance.

(iv) Scrutinize all complaints and information containing allegations of corruption and malpractices when directed to do so and report to the CVO through Complex HoD without any delay.

(v) Examine selected works Contracts executed by the Works Engineering Department for determining irregularities in tendering process, quality of work and payments, in coordination with an experienced and qualified Engineer of the required discipline i.e. Civil/Electrical/Mechanical, etc from within the Division or with the technical officer (Vig) of the Corporate Office.

(vi) Refer to the CBI with approval of the CVO those complaints or information that require enquiries to be made by the CBI and assist them in all their enquiries.

(vii) Liaise with the HR Dept regarding status of pending disciplinary proceedings in vigilance cases.

(viii) Report instances where officers acquire assets disproportionate to their known sources of income or in any other corrupt practices.

(ix) Responsible for the timely submission of reports & returns.

(x) Monitor the activities of the subjects placed in the ODI list and Agreed List.

(xi) Recommend cases for inclusion in the Agreed List.

(xiii) Maintain effective vigilance informant network in the Division.

(xiv) Organize regular Quarterly Vigilance Committee meetings in the Division.

(xv) Responsible for vigilance investigations in the Division.

(xvi) Monitor all pending Vigilance related Departmental Enquiries and take suitable measures for expeditious disposal.
(xvii) Ensure that Preventive Vigilance including action plan is carried out in a most sincere and systematic manner.

(xviii) Responsible for the general administration of the Dept and safe custody of the assets of the Department under his custody for the time being.

(xix) Issue Vigilance Clearance in respect of all workmen and officers in Grade – I to III of the Division.

(xx) Carry out Action Plan tasks, Quarterly Tasks, System Study, Surprise Inspection etc as directed by the CVO.

(xxi) Any other task assigned by the CVO/Complex HoD.

(g) Duties of Second Vigilance Officer in the Division:

(i) Responsible to assist Divisional HOD (V) for all vigilance matters.

(ii) Assist HOD (V) in the work done by the vigilance staff.

(iii) Investigate cases entrusted to him by the HOD (V).

(iv) Conduct surprise inspections and arrange for similar inspections and checks by his assistants.

(v) Create effective vigilance informant network in his area of responsibility.

(vi) Collect information in corruption cases.

(vii) Maintain discipline among the vigilance staff.

(viii) As Second Officer in the Division, he will report to the Divisional HoD.

(ix) Any other task assigned by CVO/Complex HoD/Divisional HoD.

(h) Duties of Vigilance Staff:

(i) Responsible to HOD (V) on all official matters.

(ii) Investigate all vigilance cases entrusted to him and submit a written report to his superiors.

(iii) Responsible for collection of information regarding corrupt officials.
(iv) Promptly communicate all information regarding vigilance matters to his superiors.

(v) Maintain discreet watch on the employees placed on ODI list.

(vi) Maintain close liaison with all employees of all the departments to gain maximum intelligence.

(vii) Fully conversant with the office procedures, typing, computer functioning and maintenance of office files and records.

(viii) Proficiency in driving all types of vehicles held in the department.

(ix) Create and monitor an efficient informant network.

(x) Obey all lawful instructions of his superior officers without question and be responsible for vigilance works at all times, without any restrictions of shifts or hours of work.

(xi) Carry out all vigilance checks/inspections/Action plans etc as instructed by HOD.

(xii) Carry out any other task assigned by HOD/Complex Head/CVO.

3. **Authority for carrying out Vigilance Work in HAL**

The Chief Vigilance Officer and the Vigilance Officials (posted in the Complex/Division) are the extended arms of the Central Vigilance Commission and are duty bound to implement the anti-corruption measures of the Government in HAL, completely and effectively. In order to achieve the above objectives, all Vigilance Officials are duly empowered by the Chief Vigilance Officer with the following authority :-

(a) All vigilance officials will have unrestricted access (including their official vehicles) to any location in the factories/departments/hangars/Complex/Divisions/Office and their premises, Estate including buildings/shops/establishments/welfare units/township/residential Quarters/ sports & entertainment amenities, ancillary units/liaison offices/RM Offices/Guest Houses etc., at any time for carrying out Vigilance work.

(b) All Vigilance Officials are empowered to seize records/documents/files/information (contained in any electronic storage device in any form)/articles, for the purpose of vigilance investigation;

(c) All Vigilance Officials are empowered to examine employees of HAL for vigilance enquiries/investigation, record their statement, obtain their signature on such statements/obtain their signature samples etc.
(d) All Vigilance Officials are empowered to conduct surprise/random / routine checks/inspections etc of the points/places etc in any Department/ Office/Hangar/Premises/Estate/Township including shops/ establishments/ residential quarters etc as part of either Preventive or Punitive Vigilance activity.

(e) All Vigilance Officials are empowered to collect/obtain samples of materials (in any form) for the purpose of testing etc during the course of inspection of civil/mechanical/electrical works and obtain photographs if required of the articles/points/places in question.

(f) All Vigilance Officials are empowered to draw inspection/surprise / routine check report at the points/places of check and to obtain signature of the concerned in-charge, user/operator/custodian etc. as a token of confirmation that the same was carried out in their presence and that they are party to the details recorded.

(g) All Vigilance Officials and their official vehicles are empowered for unrestricted movement (entry and exit) at their place of work at any time for the purpose of vigilance activities.

(h) All Vigilance Officials are empowered to meet their sources, or any officials of government/non-government/private/public etc for vigilance verification/work or for liaison.

(i) All Vigilance Officials are empowered (under the supervision of CVO) for carrying out detective/surveillance as part of Vigilance work.

(j) Vigilance HOD Complex will be provided with a copy of Minutes of COM by the divisional head. **(Authority HAL/CO/VIG/56/2011/576 Dt 06.05.2011)**

A photo identity card summarizing the above, is issued to each and every Vigilance Official. Non cooperation/obstruction to Vigilance Officials in discharge of their duties by any employee of the Company would be deemed as misconduct and liable for disciplinary action as per the Rules of the Company.

4. **Protection to Vigilance Officials for acts done in good faith**:

The Vigilance functionaries conduct enquiries/investigations on behalf of the CVO/Management. During the course of investigations/enquiries to unearth, the facts of the case or which is warranted to bring the case to a logical conclusion the acts of the functionary should not be treated prejudicial to good order and discipline or malafide intention. The acts of the Vigilance functionaries are to be treated as done in good faith and in the best interests of the Company and no
Disciplinary Action should be initiated against the Vigilance Functionary. Whenever disciplinary action against any Vigilance Officer is contemplated, authority to sanction is the Chairman through CVO and in case of Vigilance Workmen, CVO will be the sanctioning authority.

As per the CVC Circular No. 16/03/2006 on Protection against victimization of officials of the Vigilance Units of various Ministries/Departments/organizations calls for the need to allow the vigilance officials to work independently and freely without any fear, which is the foundation for effective vigilance administration in any organization. The Committee had also recommended that “those working in Vigilance Organizations should have an assurance that good and efficient work in the Vigilance Organization will enhance their opportunities for promotion and not become a sort of disqualification”.

The Commission issued the following consolidated instructions in exercise of its powers under sections 8(1) (h) of the CVC Act:

i) All personnel in Vigilance units will be posted only in consultation with and the concurrence of the CVO. They will be for an initial tenure of three years extendable up to five years. Any premature reversion before the expiry of such tenure will be done only with the concurrence of the CVO. The CVO shall bring to the notice of the Commission any deviation from the above.

ii) The ACR of personnel working in the Vigilance Department will be written by the CVO and reviewed by appropriate authority prescribed under the relevant conduct rules. The remarks in review shall be perused by the CVO and in case he has reservations about the comments made under the review, he shall take it up with the Chief Executive/HOD to resolve the issue. In case he is unable to do this, he shall report the matter to the Commission who will intercede in the matter suitably.

iii) Since the problem of victimization occurs, if at all after the reversion of the personnel to their normal line departments, the Commission would reiterate the following.

a) On such reversion the vigilance personnel shall not be posted to work under an officer against whom, while working in the vigilance department, he had undertaken verification of complaints or detailed investigation thereafter. Needless to say his ACR shall not be written by such officer/s.
b) All Such Vigilance personnel will be deemed to be under the Commission’s purview for purpose of consultation in disciplinary matters. This is irrespective of their grade. This cover will be extended to a period of not less than five years from the date of reversion from the vigilance department.

c) All Vigilance personnel on reversion shall be entitled to represent through the CVO and chief executive of the organization to the Commission if they perceive any victimization as a consequence of their working in the vigilance department. This would include transfers, denial of promotion or any administrative action not considered routine or normal. This protection will be extended for a period not less than five years after the reversion of such personnel from the Vigilance Department.

The above instructions may be noted for strict compliance. The CVO should report promptly to the Commission, the details of any real or perceived victimization of any official who is working in the Vigilance Unit. Similarly, he should also report such instances pertaining to the former officials of the Vigilance Unit, up to a period of five years after they had completed their tenure in the Vigilance Unit. He should also report where such deserving officials are ignored/superseded in matters of promotion.

**Functional and Administrative control over Vigilance Officials :**

All matters pertaining to functional and administrative control over vigilance officials like, recruitment, induction, grant of leave, training, transfer/job rotation, promotion, movement/temporary duty/forwarding of applications/writing of Performance Appraisal Reports/Disciplinary action etc would be exercised by the Chief Vigilance Officer.

5. **Administrative facilities to be extended to Vigilance Officials :**

**Residential Accommodation :**

Vigilance Officers and Staff will be provided with accommodation within the townships of HAL on out of turn basis. The officers will be provided with one-step higher accommodation than their entitlement.

**Transport:**

The Vigilance departments of the Divisions / Complexes will be provided with one Gypsy or an equivalent vehicle and 2 x Motor cycles/ Scooters. The vehicles will be used for investigations and inquiries and day to day vigilance work.

**Telephones:**

A P&T line with STD facility will be provided to the Head of the Vigilance Department of the Divisions / Complexes both at Office as well as Residence. HOD will be provided Fax machine connected with an exclusive Fax line. Provision of telephones to Vigilance Officials other than HODs will be decided and approved by CVO based on operational requirements.

**Imprest Amount:**

HOD’s in Divisions /Complexes are authorized imprest money as per the limits sanctioned by CVO from time to time. Any additional requirement will be forwarded to the CVO by HOD’s. The imprest account will be utilized for the following purposes :-

(a) For the purpose of liaison with Government and other outside agencies

(b) Handling sources related to vigilance work.

(c) For vigilance related enquiries and investigations.

(d) For purchase of essential vigilance related compendiums and items of emergent nature.

**Budgeting:**

The annual budget for the Vigilance Departments of the Divisions/ Complexes will prepared by the HODs for both Capital items and Revenue expenditure. It should include projections for RE, BE & FE. The budget requirements will be forwarded to the Corporate Office well in advance for inclusion in the Company’s Performance Budget. A consolidated budgetary requirement would be compiled at Corporate Office and put up to Chairman by CVO for sanction. On according of sanction, the same would be conveyed to Divisional/Complex HODs who in turn need to take up the matter with the concerned authorities for necessary procurement action.
Training:

A yearly training programme will be prepared by the Corporate Office for the Executives and staff separately. The training will be imparted to the staff centrally in the form of training capsules at least twice a year. For the Executives, the Corporate Office will organize Workshops.

The Executives will be deputed to various training courses conducted by Government Institutes such as CBI Academy, Central Forensic Science Laboratory, Central Detective Training School, and other training institutes of the State / Central Govt. Besides these, Officers may be deputed to attend Seminars and Workshops organized by Universities/ private establishments. Deserving officers will be given opportunity to attend international seminars/workshops/training programmes.

Quality:

The Vigilance Department shall strive to maintain the highest standards of quality in its investigations, conduct and reporting.

Productivity:

The Vigilance Department will contribute towards increased productivity by studying various systems and procedures. Identify time consuming, laborious and cumbersome procedures in consultation with the concerned departments and recommend changes where required.

Full IFS Access:

The vigilance officers in various divisions and corporate office must be provided with user name and passwords of IFS / ERP with complete access of various modules.

Digital Signature:

The HODs of vigilance department of various divisions and Desk officers at corporate office can get the Digital signatures issued by certifying authorities. These digital signatures would be used for official purposes only as per the company guidelines.

Exclusive Internet:

The HOD’s of the vigilance departments would be provided with telephone lines with exclusive internet facilities.
Laptop:

Officers at Corporate office and Complex HODs are provided with Laptops to be used for web conferencing, attending QVCM’s at various divisions and conferences at Corporate office.

Digital Library:

All the officers of vigilance department are provided with user name and password for the e-digital library named “VIGI.L” which can be accessed through internet. This library also contains various Journals on Anti corruption matters.

6. Detailing of Vigilance Staff in Committees and Non-Vigilance activities

The role of the vigilance staff in the Divisions/Complexes is to study systems and procedures, which include surprise and regular inspections/ checks and anti-corruption work. Vigilance staff will not be engaged in activities such as gathering information on union activities, investigation on industrial relations, verification of firms and individuals in non vigilance cases. The government in consultation with the Central Vigilance Commission has issued guidelines Vide O.M. No 321/77/91-ADV.III dt 9 June 1992 that the Vigilance functionaries should not be a party to processing and decision making process or any other similar administrative transactions of such nature which are likely to have clear vigilance sensitivity.

Appointment of Vigilance Officers in Departmental Enquiry Committee. Vigilance Officers will not be appointed as Enquiry Officer, Presenting Officer, Co-Officer. In exceptional cases they may be appointed as Presenting Officer with the concurrence of the CVO.

Duties of the Vigilance Officers and Staff in Departmental Enquiry Committees:

The Vigilance Officers and the Vigilance staff play a vital role in the Departmental Enquiry Committee proceedings. The onus of proving the charges is on the prosecution. The prosecution is based on the investigation report prepared by the Vigilance Department. It is imperative that the Vigilance Officers and the Vigilance staff should collect all the evidence before an investigation report is finalized and recommend the prosecution of the defaulting employees.

The Vigilance officers and staff must provide all assistance and evidence gathered by them to the Presenting Officer.
7. **SCOPE OF VIGILANCE WORK IN HAL:**

**OBJECTIVES (Quality Manual Vol-I Pg 15)**

1. To meet customer’s needs and expectations by attending to all Anti Corruption issues judiciously and expeditiously, in a climate of absolute professional competence and Honesty by meeting all applicable Regulatory requirements.

2. To sustain and maintain the highest standard of Quality Management System in Anti-corruption services in conformity with the Policies/Guidelines of Government of India, CBI CVC and HAL, with Trust, Integrity, Efficiency and timely completion of tasks.

3. To critically examine various System and Procedures of the Company to ensure their conformity to Policies and Norms of Government of India, CVC and HAL with a view to bring in transparency and expeditiousness in adherence by all employees.

4. To strive for continual improvements to achieve ultimate goal of Total Quality management in Anti –Corruption Services.

The Hon’ble Supreme Court of India observed in the case of *Eurasian Equipment and Chemicals Ltd. v/s. State of West Bengal*, AIR 1975 SC 266 and 269. Extracts reproduced as under:

"The Government is a Government of laws and not of men. It is true that neither the petitioner nor the respondent has any right to enter into contract but they are entitled to equal treatment with other who offers tender or quotation. This privilege arises because it is the Govt., which is trading with the public. The democratic form of Government demands equality and absence of arbitrariness and discrimination in such transaction. The activities of Government have public element and therefore should be fair and equal. The state must do it so fairly without discrimination and without unfair procedure”

This landmark judgment underlines the very ethos of public procurement or any public activity by Government and its instruments. In HAL, huge amount of public funds is invested in planning and execution of various projects. Needless to state that utmost vigilance and financial propriety is required for prudent utilization of the available resources. HAL as a Company has devised for itself various systems and procedures in almost every sphere of its activity, right from conceptualization to the final realization of the product. Being a Govt. Company it is also bound by the rules and procedures formulated by Govt. of India/Ministry/CVC etc from time to time on issues concerning various facets of management.
If the goals and objectives of HAL have to be realized in an atmosphere of ethical governance and sustained development, the need for presence of a strong Vigilance Department cannot be overemphasized. Thus there is a need for constant and effective Vigilance mechanism in HAL to undertake anti-corruption measures to increase the confidence of the stake holders in a challenging and changing global economy.

Due to the delegation of powers both financial and administrative, there is hardly any Department now, which does not afford opportunities for corruption. However, in some departments these opportunities are greater when compared to others. These departments can be termed as sensitive departments, from the vigilance angle viz;

(a) Purchase Department
(b) Works and Contacts Department
(c) Plant Maintenance
(d) Sub Contract/External Sourcing
(e) Medical Department
(f) Design & Development
(g) Human Resources Department
(h) Stores Department
(i) Accounts Department (Finance, Pay rolls, Bills payable)
(j) Township Administration, Welfare
(k) Vigilance Department
(l) Security Department
(m) Stores Inspection Department

Familiarity with the Rules, Regulations, Procedures as laid down by HAL as also the established ethical principles, enables the employees in general and the supervisory personnel in particular to perform their day-to-day functions within the laid down procedures in a free, fair, transparent and cohesive manner. This is expected to ensure proper compliance of the system and judicious exercise of the delegated powers; which in turn would appropriately take care of prescribed quality standards and vigilance health of an organization. However some of the common
points of irregularities in various sensitive departments are enumerated below. These are not exhaustive but only illustrative.

**Purchase Department:**

(a) Sending Request For Quotation (RFQ) to firms non-existing to satisfy the requirement of number of firms and at the same time not sending RFQ to those firms not favoured.

(b) Not maintaining updated Vendor Register. (Over a period of time certain firms close down/stop dealing with the required items or change their location. Due to non maintaining of updated vendor register, the possibilities of obtaining competitive offers from firms actually dealing with the required items become less or nil). This may be due to ulterior motive to favour particular firms only.

(c) Issuance of Proprietary Certificates indiscriminately, to thwart competition.

(d) Certification of bills that come to Purchase Department (for recommendation of payments) without minimum scrutiny, thereby putting the company to wrongful loss and the vendor/supplier to wrongful gain with ulterior motives.

(e) Giving insufficient time for submission of quotations.

(f) Cartel formation of tenderers.

(g) Wrong practices while preparing comparative statements

(h) Non-linking of payments of performance in the case of Trial Orders.

(i) Issue of tenders to blacklisted firms.

(j) Concealing and manipulating critical information while preparing proposals.

(k) Repetitive emergency procurement.

(l) Issue of inspection certificates without adequate checks and in some cases waiving inspection altogether.

(m) Splitting orders to reduce the level of approving authority.

(n) Certification of escalation of payments by manipulating records;
(o) Indiscriminate local purchase without proper justification or need;

(p) Change in specifications after tender is released.

(q) Not mentioning/enclosing General Conditions/special conditions/technical specifications etc.

(r) Leaking out information in advance to supplying firms regarding the requirements of HAL or, subsequently, information regarding developments in respect of the deal.

(s) Demand for illegal gratification in respect of bills passed for payment

(t) Preparation of defective tender notices by omitting complete specification of materials.

(u) Preparation of tender specifications tailor made to suit a particular firm.

(v) Non inclusion of standard terms like Liquidated Damages so as to favour firms.

(w) Limiting the deal to a single tender contractor or a selected few by standardizing specifications whereas a general specifications could have invited more competition.

(x) Rejecting lowest quotations on unjustified and flimsy grounds.

(y) Re-tendering frequently by changing the specifications with a view to scuttle the award of tender to L1.

(z) Assistance to the supplying firms in the preparation of quotations or dispatching enquiry notices to firms not favoured, after date for submission of tender expires.

(aa) Making local purchases at higher rates by obtaining ghost quotations.

(ab) Alteration of rates after opening tenders.

(ac) Splitting up of requirements to bring them within the limits of local tender purchase.

(ad) Substitution of superior approved samples by inferior type after decision on the tender is taken.
(ae) Acceptance of material and stores, which are below standard specifications

(af) Inserting papers of favoured firms in the correspondence files to benefit the firm.

(ag) Setting up friends and relatives as the agents of the supplying firms and obtaining from them certain commission over the business deals and thereafter sharing the commission with the agents.

(ah) Harassing firms by not passing their bills in time, or putting hurdles in their way, if gratification is not paid

(ai) Favouring certain supplying firms by issuing them repeat orders for machinery and other stores.

(aj) In collusion with Technical Section, insistence on purchase of particular type of machinery/equipment to favour a particular firm.

(ak) Favouring certain firms by repeatedly purchasing small quantities falling within the purview of an individual officer.

(al) By-passing purchase committees by making small purchases more frequently instead of bulk purchases.

(am) Acceptance of unsolicited offers.

(an) Non refund or delay in refund of security deposit/Earnest Money to unsuccessful tenders;

(ao) Non recovery of money against defective supplies;

(ap) Unauthorised passing of information on tenders/requirements/rates/estimates etc to persons who would be acting as agents/middlemen for some considerations and thereby cheating HAL.

(aq) Non incorporation of Liquidated Damages (LD) Clause in the terms and conditions, failure to invoke the LD Clause wherever applicable, waiving off LD without Competent Authority’s approval or waiving off without proper justification.

(ar) Non implementation of guidelines on e – procurement as enumerated in Chapter XXII of purchase Manual of 2013.
Stores Department:

(a) Holding up receipt note of supplies without any justification for want of speed money.

(b) Giving receipt for larger quantities than actually received.

(c) Pilferage and theft of stores lying in the salvage.

(d) Delivery of reduced quantities of stores on requisitions or retail issues and disposing or misappropriating the resultant surplus stocks.

(e) Excess delivery after auction of salvage materials.

(f) Sale of goods and serviceable material to favoured buyer by showing it as scrap.

(g) Misappropriating stores by showing excess issue of materials in the office copy of the inventory.

(h) Non disposal of Non-Moving inventory

(i) Manipulation of reserve price during auction of scrap;

(j) Fixing of reserve price lower than the best bids obtained in previous auctions;

(k) Clubbing of lots making them beyond the reach of smaller buyers thus restricting the competition to a few bigger purchasers who form a pool and give lower bids;

(l) Disclosing of particular lots containing better quality scrap to favoured firms and changing of number plates of the lots;

(m) Affording opportunity to take out more weight by recording the bare weight of trucks less than actuals;

(n) Mixing of high value scrap in the scrap lots allotted in connivance with buyer in consideration of benefits.

Works and Contract Section:

(a) Site leveling: Manipulation in initial levels before the actual work starts, so that the agencies would get more quantities in excavation, back filling etc. during site leveling where cut and fill operations are involved lead charts are manipulated. While the actual traverse-route is only say 0.8 KM, in the sketch it can be indicated as 1.2 KM thus giving extra undue benefit.
(b) While executing piling work, the rates are different for boring of soil, soft rock, hard rock. False records can be created to benefit the agencies.

(c) Pilfering of cement for illegal sale is resorted to which adversely affect the strength of the foundation, superstructure, brickwork and plastering work.

(d) Not adhering to volumetric/gravimetric batching system so that right proportion of cement, sand and aggregate are used during concreting.

(e) During construction, allowing substandard bricks, sand, aggregates, wood, paint, cables, earth-strips, waterproofing materials, fuses, welding electrodes, etc.

(f) Indiscriminate payment of advances;

(g) Payment for incomplete work;

(h) Postponing penal recoveries;

(i) Certification of sub-standard work

(j) Demanding and accepting of illegal gratification in respect of bills passed for payment.

(k) Favouritism by rejecting the lowest tender and awarding the contract at a higher rate, on flimsy grounds.

(l) Favouring certain contractors by entrusting them some small works initially, but later allowing them to execute big works in continuation of the earlier contract without calling for tenders.

(m) Showing excess number of work force on the rolls in connivance with the contractors and sharing the excess wages.

(n) Grant of extension of time beyond the provisions of the Contract.

(o) Payment of higher rates than the prevalent market rates for labour or material.

(p) Misappropriation or pilferage of building materials, like cement, steel etc,

(q) Recording false measurements.
(r) Issuing false certificates such as test checks without verifying the basis for entries in the measurement books

(s) Excess payments to the contractors in connection with supply of materials.

(t) Delaying payments of bills/final bills beyond the time schedule of contract without any justification.

(u) Making payments for items not replaced after rejection or supplied.

(v) Non-deployment of qualified engineers at site and non-recovery of penalties towards such non-deployment.

(w) Releasing tender without proper working drawings and detailed estimates. It is essential to prepare Market Rate Analysis to check the reasonability of the tenders.

(x) Ambiguous and inadequate contract documents that permits the contractor to do sub standard work and get away with payment at full rates.

(y) Granting of secured advances for the materials brought by contractor to the site much in excess of actual quantities of materials brought.

(z) Unsound designs: sometimes unsound structural design is found to be inadequate and not in conformity with IS Codes or Practice. This may result in unsound structures.

(aa) Infructuous constructions: the designs or specifications do not serve the purpose for which a structure is built. This results in infructuous expenditure.

(ab) Acceptance of conditional offers

(ac) Pre-Qualification of Contractors: No proper Pre-Qualification of contractor often gives scope for malpractices, favouritism and corruption.

(ad) Abnormally high and low freak rates: very often it is seen that contractors quote speculative rates with the intention of getting the quantities of abnormally high rates items increased and the quantities of abnormally low rated items decreased. This results in undue favour to the contractor and a loss to the organization. For this purpose the market rate estimate is very helpful in pinpointing the abnormally high and low rated items.
Very often Bank Guarantees are taken from the Contractor before the mobilization advance or security deposit is released. It is often found that these Bank Guarantees are not got revalidated on the due dates and the organization is unable to recover the advance or deposit.

Granting various interest free advances such as mobilization advances, secured advances, adhoc advances, advances for purchase of materials etc. when such advances are not permissible under the terms of the contract.

Payment of bonus to architects or contractors when such payments are not admissible under the terms of the contract.

Changing the specifications or nature of work to be done without making corresponding financial adjustments;

Allowing ‘rate only’ items without any quantities in the tender documents. Contractors invariably quote exorbitant rates for such items because amounts corresponding to such rates are not reflected in the comparative statement. After the contract is awarded these alternate ‘rate only’ items are operated to give a huge undue benefit to the contractor.

Poor control and inadequate supervision;

The existing buildings and structures are demolished by the contractor and the serviceable materials are taken away resulting in considerable loss to the organisation.

**Human Resources Department** :

- Not following any rational basis in deciding inter-se seniority of candidates for promotion to general selection posts;

- Postponement of regular selection process on flimsy grounds so as to permit continuance of ad-hoc promotees;

- Arbitrary screening of service records and purposely ignoring better qualified and experienced candidates.

- Connivance with officials concerned who deliberately do not enter penalties, suspension etc in the relevant column of service records.

- Deliberately ignoring orders of penalty of withholding increments.

- Malpractices in service matters, deputation of personnel abroad for training.
(g) Violating terms and conditions of the Company in granting various loans/grants/incentives;

(h) Discrimination in selection of agency for outsourcing to conduct tests.

(i) Manipulation of number of vacancies (selection posts) so as to bring the favoured candidate within the field of choice;

(j) Discrimination in the treatment of candidates during examination;

(k) Discrimination in awarding marks under ‘Record of Service’ weightage being given to seniority;

(l) Manipulations in transcribing marks from written papers to the tabulation sheets;

(m) Deliberate violation or non-observance of prescribed Selection Board procedure;

(n) Failure to conduct proper trade tests for posts in skilled category;

(o) Not giving sufficient publicity to the Employment Notice regarding recruitment to certain category of posts;

(p) Deliberate failure to preserve or keep proper record of application received;

(q) Purposely violating instructions regarding minimum qualifications and experience;

(r) Arbitrary screening of applications received and better qualified candidates are not called for selection;

(s) Not offering employment in the order of merit from the list of duly empanelled candidates;

(t) Failure to observe instructions regarding medical examinations and verification of antecedents;

(u) Acceptance of late applications by predating them;

(v) Demand and acceptance of illegal gratification during the recruitment process;

(w) Impersonation of candidates in the written test;
(x) Leakage of question papers/answers before conduct of a written/practical tests;

(y) Holding of answer books for long periods without evaluation;

(z) Fabrication of answer sheets and replace duplicate answer sheets with same roll numbers;

(aa) Absence of signature of invigilator/supervisor on the answer sheet;

(bb) Incompetent Examiners;

(cc) Awarding of marks for incorrect answers;

(dd) Absence of distribution register of the answer sheets distributed by the organization to the examiners;

(ee) Increase of marks by examiners or others, subsequent to evaluation of answer sheets;

(ff) Deliberate change in the tabulation sheets to qualify certain candidates for interview;

(gg) Deliberate tampering in the award of marks in viva voce.

(hh) Intentionally violating instructions regarding minimum qualification

(ii) Leaking information about recruitment at various stages to vested interests for considerations;

**Accounts Department :**

(a) Delay in payment of bills to the contractors to cause harassment and calling for clarifications on minor points.

(b) Non verification of Bank Guarantees

(c) Passing of bills without exercising necessary and adequate checks;

(d) Not effecting recoveries promptly, regularly and correctly in case of advances.

(e) Non-refund or delay in refund or security deposit/earnest money to unsuccessful bidders;

(f) Non-recovery of rent, electric charges or water charges in respect of such facilities extended to contractors;
(g) Misappropriation of cash;

(h) Misappropriation in the payment of unpaid wages, settlement dues, PF withdrawals etc;

(i) Non-maintenance of leave accounts;

(j) Tampering of leave records (for encashment purpose)

(k) Non-recovery of money against defective supplies;

(l) Duplicate payments made against same supply order;

(m) Non-observance of instructions about percentage check of vouchers;

Welfare Department:

(a) Misappropriation of money and commodities earmarked for providing amenities to the employees and their children, in schools, sports clubs, canteens, etc.

Transportation:

(a) Diesel/petrol siphoning /illegal sale

(b) Misusing HAL vehicles to teach driving.

(c) Shift allocations

(d) Covering up of minor accidents

(e) Misuse of new spare parts.

(f) Repeated/unwanted repairs by outside agencies

Township Administration:

(a) Out of turn allotment of quarters

(b) Unauthorised permission for running shops etc

(c) Non-recovery of rent due.

(d) Failure to take action for eviction when necessary
(e) Allotment of shops by deviating from the existing procedures.

(f) Allowing sub-letting.

(g) Unauthorised construction on company land

(h) Allowing encroachment of HAL land by distorting land records in connivance with land grabbers with ulterior motives;

(i) Not presenting the case properly before the competent court in case of litigation arising out of encroachment of HAL.

(j) Tampering/manipulation of electricity charges/meter readings.

**Training Schools:**

(a) Selection of Trade Apprentices

(b) Valuation of examination papers.

(c) Misuse of stores, instruments and equipment.

**Medical and Health Department:**

(a) Purchase of medicines whose shelf life is very less

(b) Resorting to frequent small order purchases to avoid tendering process.

(c) Purchase of spurious quality of medicines

(d) Pre-employment medical examination of candidates.

The above instances are illustrative and not exhaustive. The above compendium of common irregularities has been made as a result of experiences gained/irregularities detected by the Vigilance Department of HAL over the years.

8. **Standards of Financial Propriety:**

Every Officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. The principles on which emphasis is generally laid are the following:
(i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

(ii) The expenditure should not be *prima facie* more than the occasion demands.

(iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

(iv) Expenditure from public money should not be incurred for the benefit of a particular person or a section of the people, unless –

   a) a claim for the amount could be enforced in a Court of Law, or

   b) the expenditure is in pursuance of a recognized policy or custom

(v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

*(Authority: Annexure-VI of HAL Delegation of Powers-2012)*
Chapter – IV – OPERATIONAL ASPECTS OF VIGILANCE

“But democracy isn't a state of perfection. It has to be improved, and that means constant vigilance.” - Antonio Tabucchi

1. Functions of Vigilance

The functions of Vigilance can be broadly classified into Preventive, Punitive and Detective or Surveillance.

Preventive Vigilance:

Message from CVC while releasing the book on ‘Common Shortcomings observed in Contracts’ published by the CTE during 2001 says, “Punitive action alone need not be the main function of Vigilance organizations. ‘Prevention is better than cure’ is a common adage, which is very relevant in the working of all Government organizations.”

Preventive vigilance is also a pro-active vigilance which is the need of the hour. In the words of Dr. Samuel Johnson, “to punish and not to prevent is like labouring at the pump, leaving open the leak”. (unquote). From Vigilance perspective, toiling at the pump indicates high morale, motivation, hard work, creativity, team work, leadership, management and all that modern management teaches – the leak represents wastages, seepages, negligence, and even criminality. Vigilance is not a tool left to be operated by Vigilance functionaries alone but every employee including line Managers have to perform this responsibility.

Santhanam Committee while outlining the preventive measures, that should be taken to significantly reduce corruption had identified four major causes of corruption, viz; (i) administration delays; (ii) Government taking upon themselves more than what they can manage by way of regulatory functions; (iii) scope for personal discretion in the exercise of powers vested in different categories of government servants; and (iv) cumbersome procedures of dealing with various matters which are of importance to citizens in their day to day affairs. The salient features of Preventive vigilance suggested by Santhanam Committee are as follows:

(i) To undertake a study of existing procedure and practices prevailing in the organisation with a view to modifying those procedures or practices which provide a scope for corruption, and also to find out the causes of delay, the points at which delay occurs and device suitable steps to minimize delays at different stages;
(ii) To undertake a review of the regulatory functions with a view to see whether all of them are strictly necessary and whether the manner of discharge of those functions and exercise of powers of control are capable of improvement;

(iii) To device adequate methods of control over exercise of discretion so as to ensure that discretionary powers are not exercised arbitrarily but in a transparent and fair manner;

(iv) To educate the citizens about the procedures of dealing with various matters and also to simplify the cumbersome procedures as far as possible;

(v) To identify the areas in the organisation which are prone to corruption and to ensure that the officers of proven integrity only are posted in those areas;

(vi) To prepare a list of officers of doubtful integrity- The list would include names of those officers who, after inquiry or during the course of inquiry, have been found to be lacking in integrity, such as (a) officer convicted in a Court of Law on the charge of lack of integrity or for an offence involving Moral turpitude but who has not been imposed a penalty of dismissal, removal or compulsory retirement in view of exceptional circumstances; (b) awarded departmentally a major penalty on charges of lack of integrity or gross dereliction of duty in protecting the interest of government although corrupt motive may not be capable of proof; (c) against whom proceedings for a major penalty or a court trial is in progress for alleged acts involving lack of integrity or moral turpitude; and (d) who was prosecuted but acquitted on technical grounds and there remained a reasonable suspicion about his integrity;

(vii) To prepare the “agreed list” in consultation with the CBI- This list will include the names of officers against whose honesty or integrity there are complaints, doubts or suspicions;

(viii) To ensure that the officers appearing on the list of officers of doubtful integrity and the agreed list are not posted in the identified sensitive/corruption prone areas;

(ix) To ensure periodical rotations of staff; and

(x) To ensure that the organisation has prepared manuals on important subjects such as purchases, contracts, etc. and that these manuals are updated from time to time and conform to the guidelines issued by the Commission.
Vigilance should be a cerebral Department in the Management of the organization and not as a stand alone activity. The main objective of Preventive Vigilance can be summed up as follows:

(a) To assist and help the Management in bringing about and sustaining propriety and integrity concurrently with efficiency in HAL at all levels of working;

(b) To function as a service/cerebral Department to the Management to help identifying black spots and to make fair, objective and prompt investigations;

(c) To suggest ways and means of qualitative improvement in administration by plugging loopholes.

(d) To improve/simplify procedures to curb scope for malpractices and corruption

(e) To suggest ways and means to plug deliberate leakages of public funds;

(f) To conduct regular and surprise checks/inspections on its own or in association with CBI at sensitive spots with a view to detect cases of malpractices, corruption, misuse of authority and other irregularities involving misconduct;

(g) To spread awareness among all the workforce of HAL about the cardinal principle that Vigilance is a management function and every one has responsibility in his/her sphere of activity;

(h) To protect and strengthen the hands of those that are efficient, honest and law abiding but who may be the victims of malicious complaints and also to correct gently and constructively those who may have committed genuine mistakes without malafide intention.

(i) To ensure implementation of the directives/guidelines of the Central Vigilance Commission in the matters of tenders/contracts/disciplinary matters etc received from time to time.

(j) To lay emphasis on improving Vigilance administration by leveraging technology in areas like tenders/contracts etc.

(k) To ensure that Integrity Pact is implemented wherever the requirement arises in consonance with Govt. Of India/CVC guidelines issued from time to time.
(l) To ensure that all tenders/contracts/payments made to suppliers/contractors are put up periodically on the official website of HAL.

(m) To ensure that e-Payments and e-Procurements/e-Tenders are implemented in toto.

(n) To periodically conduct awareness sessions on vigilance matters to employees and other stakeholders (as and when opportunity arises).

(o) To undertake a review of bills (of six months duration). The review should be meant to primarily determine the time taken in clearing the bills.

(p) To conduct an exercise to identify the weaknesses in the existing systems and policies and the lapses that may have arisen or likely to arise due to the systemic flaws noticed.

**Punitive Vigilance**

Punitive Vigilance deals with Vigilance cases, which is investigated, enquiry is held and penalty is imposed. Following actions are to be taken on the punitive vigilance aspects:

(i) To receive complaints from all sources and scrutinize them with a view to finding out if the allegations involve a vigilance angle or otherwise.

(ii) To maintain and reflect the complaints in appropriate registers and update them from time to time. To follow the guidelines of CVC while handling complaints.

(iii) To investigate into such specific and verifiable allegations that involved vigilance angle in accordance with the requirements as laid down in the ISO Manual;

(iv) To investigate into the allegations forwarded by the Commission or by the CBI;

(v) To complete investigations in a time bound manner as laid down by CVC.

(vi) To process the investigation reports expeditiously for obtaining orders of the competent authorities about further course of action to be taken and also obtaining Commission’s advice on the investigation reports where necessary;

(vii) To ensure that the charge sheets to the concerned employees are drafted properly and issued expeditiously;
(viii) To ensure that there is no delay in appointing the inquiring authorities where necessary;

(ix) To adduce required/relevant evidence, (oral/documentary/material) in the Departmental Enquiry as and when called upon as Management Witness.

(x) To examine the inquiry officer’s report, keeping in view the evidence adduced by the prosecution and the defence during the course of inquiry, and obtaining orders of the competent authority about further course of action to be taken and also for obtaining the Commission's second stage advice, where necessary;

(xi) To ensure that the disciplinary authority concerned, issues a speaking order, while imposing a punishment on the delinquent employee. The order to be issued by the disciplinary authority should show that the disciplinary authority had applied its mind and exercised its independent judgment;

(xii) To ensure that rules with regard to disciplinary proceedings are scrupulously followed at all stages by all concerned as any violation of rules would render the entire proceedings void;

(xiii) To ensure that the time limits prescribed for processing the vigilance cases at various stages, are strictly adhered to:

(xiv) To take up review of final orders of disciplinary authority wherever felt necessary;

(xv) To be well versant with Court/Legal proceedings and their implications with respect to disciplinary matters, as there are possibilities that some employees affected by the action of vigilance may involve the Management in litigation.

**Detective Vigilance**

Detective vigilance deals with detection of cases in three ways.

(i) Better surveillance and intelligence coverage of areas /points which are susceptible to corruption.

(ii) Unobtrusive Close watch over employees of doubtful integrity.

(iii) Verification and check of moveable and immovable assets of persons of doubtful integrity.
**Administrative Vigilance:**

Administrative Vigilance encompasses conduct of Quarterly Vigilance Committee Meetings in the Divisions, Issuance of No-Objection Certificate/Vigilance Clearance for various purposes and timely submission of Reports and Returns.

**Constitution of Vigilance Committee Meeting:**

In accordance with instructions existing in Para (7) of HAL Vigilance Manual (1994), Vigilance Committees have to be constituted in each and every Division/Complex.

Vigilance Committees will comprise the following.

(i) ED/General Manager - Chairman
(ii) A G M - Member (To be nominated)
(iii) HOD - HR - Member
(iv) HOD - Finance - Member
(v) HOD - Civil Engg - Member
(vi) HOD - Maintenance - Member
(vii) HOD - IMM - Member
(viii) HOD - IT - Member
(ix) HOD – VIGILANCE - Member Secretary
(x) REPRESENTATIVE OF C.O - Member (Every alternate quarter)
(xi) HOD- COMPLEX VIGILANCE - Member
(xii) VO other than HOD-Vig - Member

Where the permanent incumbent is not available due to any reason the person officiating in his place will represent. In case of the absence of General Manager, the officiating General Manager will be the Chairman of the Committee. An officer against whom Disciplinary Enquiry is pending shall not be a member of the Vigilance Committee. The representative from the Corporate Office will attend the Vigilance Committee Meeting of the Division in alternate quarters. HOD Complex (Vigilance) would attend all the meetings as a member.
The committee shall meet once in a quarter and should strictly adhere to the
time schedule with reference to its periodicity. The HOD (Vigilance) of the Division
should draw an agenda well before the meeting in consultation with the GM. The
agenda should be circulated to all the members of the committee in advance to
give sufficient time to the members to prepare for a discussion on the agenda. The
agenda points could cover review of pending vigilance cases i.e. from the stage of
issue of Charge Sheet, constitution of DEC and conclusion of the enquiry, job
rotation of employees working in sensitive departments, vigilance inspections,
stream lining of procedures, progress in CBI cases, reply to the observations of
CTE matter referred by CO (Vig) for discussion during the QVCM and any other
subject felt necessary by the members. The discussions held in the meeting has to
be voice recorded by the HOD vigilance so that none of the points discussed are
left over to be included in the minutes. At the end of meeting, the committee should
also draw out action plan/ agenda for the next three months to progress vigorously
by the concerned departments and monitor the same. A report on the proceedings
of the meeting shall be forwarded to the Corporate Office. The members of the
committee are responsible for initiating actions on the discussions /
recommendations of the meeting. The members will prepare a progress report on
the action taken on the points of the previous meeting. The subsequent meetings
should always review the progress of the agenda of the previous meetings and
emphasize on adhering to the schedule of action plan.

The general guidelines for Vigilance Committee Meeting are as follows :-

(a) **General** :

The Vigilance Committee constituted should strictly adhere to the time
schedule with reference to the periodicity fixed for the meeting, draw out agenda
points well before the meeting/decide the same for the next meeting before
conclusion of the current meeting so that fruitful purpose is served by holding such
important meetings. While the committee may include any other relevant agenda
points, some of the points which should be discussed are given in the subsequent
paragraphs.

(b) **Agenda Points** :

(i) **Review of pending Vigilance Cases** : The Committee should identify
the problem areas in various vigilance cases, find a solution for speedy
disposal and if required may call the Enquiry Officer to attend such meeting
with a view to ensuring that the Disciplinary proceedings are finalized within
the stipulated time frame viz; six months from the date of appointment of
Enquiry Officer.

(ii) **Scrutiny of Annual Property Returns** : Subsequent to the issuance of
instructions from the CVC, Corporate Office has issued a communication to
the Vigilance Officers to scrutinize the Property Returns which the
Committee can discuss particularly non-filing of Property Returns and make such suggestions/comments on the issue which would improve the functioning of the existing system.

(iii) **Streamlining of procedures**: There are numerous cases pertaining to false LTC, TA/DA, Medical Claims etc. similarly numerous lacunae observed in purchases and contracts etc, could be discussed by the Vigilance Committee during the meeting. The Chairman of the Committee can also ask Vigilance dept to study problem areas for improving effectiveness through the laid down procedures and suggest remedial measures to plug the loopholes in the system. This will go a long way in improving the effectiveness of work being carried out in the Company.

(iv) **CTE’s observations**: CVC/CTE’s Organization carries out Intensive Examination on various works under execution/executed in HAL and they forward observations/irregularities noticed by the team, for rectification. It has been noted that undue time is taken by the Divisions concerned to settle those observations. Vigilance Committee could therefore discuss such issues and find solution to such observations so that the matter could be settled well in time which will not only bring about necessary improvement in our functioning in all important matters concerning the organization but also enhance the image of the Company in the eyes of the Commission. The committee may also go into the irregularities pointed out, which may be addressed in the respective procedures for future implementation by the concerned Depts as the case may be.

(v) **Job Rotation**: This is a very important aspect and requires particular attention. Due to non implementation of Job Rotation policy, not only there are increased chances of malpractices but also non-implementation of the policy acts as a hindrance to individual employee’s growth and organizational development. Annual programme of Job Rotation should therefore be drawn by the Corporate Office/Complex /Division which should be monitored/reviewed during the Vigilance Committee meeting.

(vi) **Vigilance inspection/surprise checks**: Observations made by Vigilance dept during the inspections/checks if discussed comprehensively will ensure that the concerned Departments follow the laid down procedure more scrupulously and also act as an effective feed-back mechanism for carrying out necessary corrections.

(vii) **Progress in CBI Cases**: It is noticed that cases taken up for investigation by CBI are generally left to be handled/finalized by the agency. An all out effort to be made to expedite pending CBI Cases by adhering to time limits.
(viii) Other matters having clear Vigilance sensitivity.

(c) Conclusion:

At the end of the meeting, the Committee could also draw out action plan/ agenda for the next two months to be progressed vigorously by the Corporate Office and to monitor the same. A six monthly report would be prepared highlighting the action plan made for each period of two months vis-à-vis performance achieved.

Reasons/constraints for not achieving targets/action plan and measures to be taken to overcome the same also need to be laid down. The minutes of the deliberations and decisions arrived at in the meeting would be drawn and put up to Chairman for approval and subsequently for circulation amongst the members.

**Issuance of Vigilance Clearance for various purposes as prescribed in the Rules of the Company.**

On Line Vigilance Clearance (OLIV) has been introduced in the Company, w.e.f. 01.12.2012, as a step towards Green endeavour, by the Vigilance Department. The same is being effectively used by all the Divisions. The main aim of this initiative, i.e. Speedy issue of Vigilance Clearances, has been achieved. Keys features of OLIV are as follows:-

(a) All users in HR & Vigilance Department have been provided with individual User ID & Passwords and option has been provided to change Password and User information.

(b) Each Vigilance clearance request will have unique ID number, which is system generated.

(c) Controlling, monitoring & Supervision of OLIV has become more easy at all the stages.

(d) On logging in user can access VCRs pending at his desk for processing.

(e) Provision is given to user to search a particular OLIV ID by clicking on Open VCR.

(f) Option has been provided only to users in Vigilance Department to pull a clearance request pending on the subordinate desk, who is not present on that day.

(g) All users have been provided with the columns for recording their comments before forwarding the same to next level.
(h) Vigilance data base has been created and integrated to OLIV, which recognises the currency of punishment imposed and generates system recommendations either to issue / withheld VCR or issue a status report.

(i) OLIV has been integrated with HR portal to pick the employee data, while creating new VCR by HR department.

(j) On issue of Vigilance clearance by Vigilance Department, HR department can take a print of such clearances for their records.

(k) Provision is also given for the users to return back the clearance for want of certain information by using "Send Back" button.

(l) HR Help file has been placed on log-in screen for the benefit of users in HR department. The document provides guidelines for using OLIV.

2. **Submission of various Reports and Returns.** To enhance leveraging of technology in the field of administrative Vigilance, Vigilance Information Management System (VIMS) has been introduced through which online submission of periodical reports and returns, through LAN/WAN has been enabled. Timely submission of the periodical reports and returns is to be ensured as per the time schedule prescribed at Page No S7-123 to 127 of Quality Manual Part-II.

3. **Improving Vigilance Administration by Leveraging Technology & Increasing Transparency in Public procurements:**

   Information Technology (IT) is defined as the technology required for information processing. In particular, the use of computer and computer software is to convert, store, process, transmit and retrieve information.

   Information Technology is currently taking center stage. The enormous advantages it has in easing the delivery of information around the world, as well as the central role of information in the new global economy means that information technology will shape the dynamics of the new millennium.

   Information Technology is playing a crucial role in contemporary society. It has transformed whole world into a global village which is increasingly dependant on the creative management and distribution of information. Globalization of world economies has greatly enhanced the values of information to business organizations and has offered new business opportunities. Today, IT provides the communication and analytical power that organizations need for conducting trade and managing business at global level with much ease.

   e-Governance is the effective way of governance utilizing IT to enhance efficiency of Government offices. Government of India is devising new policies to envisage a SMART – simple, moral, accountable, responsible and transparent governance to bring nationwide reforms.
Transparency and ethical values form the core of a democratic system. Corruption flourishes where there is lack of transparency. There is scope for patronage and corruption particularly in matters relating to tenders, where there is discretion to confer out of turn privileges. Public procurement is one area where huge public expenditure is incurred. Due to involvement of huge money and private interests this area is naturally corruption prone.

The Central Vigilance Commission is promoting e-Governance to improve transparency in government functioning. As regards to public procurement, the modern IT tools can be leveraged in enhancing transparency in the form of e-Tendering, e-Procurements, e-Payments, e-Auction, reverse auction and uploading/posting of tender details on the official website of the Company.

The Commission is of the opinion that in order to bring about greater transparency in the procurement and tendering processes there is need for widest possible publicity. Improving vigilance administration is possible only when system improvements are made to prevent the possibilities of corruption. In order to bring about greater transparency and curb the malpractices the CVC in the exercise of powers conferred on it under Section 8 (1) (h) of CVC Act, has issued the following instructions for compliance by all Govt. Departments over which the Commission has jurisdiction :-

(a) In addition to the existing rules and practices regarding giving publicity of tenders through newspapers, trade journals and providing tender documents manually through post etc, the complete bid documents alongwith application form shall be published on the website of the organization. It shall be ensured by the concerned organization that the parties making use of this facility of web site are not asked to again obtain some other related documents from the department manually for the purpose of participating in the tender process.

(b) The complete application form should be available on the web site for purposes of downloading and application made on such a form shall be considered valid for participating in the tender process;

(c) The concerned organization must give its website address in the advertisement/NIT published in the newspapers.

(d) If the concerned organization wishes to charge for the application form downloaded from the computer then they may ask the bidding party to pay the amount by draft/cheques etc at the time of submission of the application form and bid documents.

Issues like size of documents, issues connected with data security, legality and authenticity of bid documents, short term tenders, limited tenders etc were further clarified by CVC by its office order No.43/7/04 dated 2nd July 2004.
Further vide its office order No.9/02/05 dated 28th Feb 2005, the CVC has given detailed instructions on use of website for tenders containing classified / secret documents.

Vide Office Order No.13/3/2005 dated 16th March 2005 CVC has desired that all organizations must post a summary every month of all the contracts/purchases made above a certain threshold value to be decided by the CVO in consultation with the head of the organization, i.e. CEO/CMD in the prescribed format. Subsequently the following details should also be given :-

(a) actual date of work
(b) actual date of completion
(c) reasons for delays if any.

Vide Circular No.98/ORD/1 dated 30.3.2006, CVC has emphasized that adequate security features like use of Digital Signatures and encryption is provided in the e-Procurement/e-marketing processes to ensure that no manipulation/unauthorized access is feasible.

Vide Circular No.40/11/06 dated 22nd Nov 2006, CVC has issued instructions on improving vigilance administration by leveraging technology in increasing transparency through effective use of website in discharge of regulatory, enforcement and other functions of Govt. organizations. As regards HAL, Vigilance functionaries are enjoined upon to ensure that the concerned Departments post forms/applications for vendor registration etc on the website in downloadable form and update the same from time to time.

Vide Office Order No.41/12/2007 dated 4th Dec 2007, CVC has recommended the concept of adoption of Integrity Pact in major Government Procurement activities.

Vide Circular No.01/01/09 dated 13.1.2009, CVC has clarified that all organizations should invariably follow a fair, transparent and open tendering procedure to select the application service provider for implementing e-tendering solutions.

Vide Circular No 010/VGL/035 dt 23/06/2010, CVC has observed that e-procurement software, security and implementation is a new area and needs improvement. E-procurement provides platform for the collaborative procurement of goods, works and services using electronic methods at every stage of the procurement process. The e-procurement platform transacts confidential procurement data and is exposed to several security threats. Department of Information Technology could be best placed to address issues relating to e-procurement. In order to ensure proper security of the e-procurement system all Departments/Organizations are advised to get their system certified by Department of Information Technology.
While emphasizing increasing transparency and cutting delays by e-Payments and e-receipt by Govt. organizations etc, CVC has directed as follows:-

(a) The payment to all suppliers/vendors refunds of various nature and other payments which the organizations routinely make shall be made through electronic payment mechanism at all centres where such facilities are available in the banks.

(b) Salary and other payments to the employees of the concerned organizations at such centres shall also be made through electronic clearing system (ECS) wherever such facilities exist.

(c) As the organizations will have to collect bank account numbers from the vendors suppliers employees and others who have interface of this nature with the Govt organizations, the concerned organizations may plan to switch over to e-Payment system in a phased manner starting with the transactions with the major suppliers in the beginning or in whatever manner is found more convenient.

(d) The departments, PSUs etc should also provide an enabling environment and facilities so that businessmen and other citizens can make payments of Govt. dues and payments to PSUs etc electronically.

(e) In addition to significantly reducing processing costs in preparation and dispatch of cheques, the above measures also reduce the risk of frauds by providing speed, efficiency and easier reconciliation of accounts.

Vigilance functionaries being the extended arms of the CVC, have an important role in ensuring implementation of leveraging technology in all public dealings. As CVC has visualized that all Govt, organizations should eventually switch over to total e-Procurement.

4. **Integrity Pact**

Originally called the “Island of Integrity”, the Integrity Pact (IP) was designed and launched by Transparency International in the 1990s with the primary objective of safeguarding public procurement from corruption. “Integrity Pact” is a process in which voluntary agreements are made, involving bidders and the Government, to restrict opportunities for corruption in a particular project. Central Vigilance Commission through its Office Order No.41/12/07 dated 4.12.2007 has emphasized the importance of adoption of Integrity Pact in Government procurement activities.

It contains rights and obligations to the effect that neither side will pay, offer, demand or accept bribes, or collude with competitors to obtain the contract, or while carrying it out. Also that bidders will disclose all commissions and similar expenses paid by them to anybody in connection with the contract; and that
sanctions will apply when violations occur. These sanctions range from loss or denial of contract, forfeiture of the bid or performance bond and liability for damages, to blacklisting for future contracts on the side of the bidders and criminal or disciplinary action against employees of the Government.

IP allows companies to refrain from bribing in the knowledge that their competitors are bound by the same rules. It allows governments to reduce the high cost of corruption on procurement, privatization and licensing. The IP has shown itself to be adequate to many legal settings and flexible in its application. Since its original conception, the tool of IP has now been used in more than 14 countries worldwide and has benefited from the feedback of a variety of individuals and organizations.

**Primary Objectives of IP:**

IP is intended to accomplish the following primary objectives:

(a) To enable companies to abstain from bribing by providing assurances to them that:

(i) Their competitors will also refrain from bribing

(ii) Government procurement, privatization or licensing agencies will undertake to prevent corruption including extortion, by their officials and to follow transparent procedures and

(iii) To enable governments to reduce high cost and the distortionary impact of corruption on public procurement, privatization or licensing. Beyond the individual contract in question, the IP is of course also intended to create confidence and trust in the public decision making process, procurement, privatization and licensing programmes.

**Operation of IP:**

IP covers all the activities relating to the contract from pre-qualification of bidder, bidding and contracting proper, implementation, completion and operation.

IP will cover planning, design, construction, installation or operation of the assets by the authority, the issuing by the Authority of licenses and concessions, as well as the corresponding services such as consulting services and similar technical, financial and administrative support.

IP begins when the bidder submits Expression of Interest or purchases the bid document. It ends after the execution of the contract when payments have been made to the satisfaction of the contracting authority.
Effects of IP:

It helps Governments, businesses and civil society which are prepared to fight corruption in the field of public contracting – both for procurement and works.

It enhances public trust in government contracting.

It improves the credibility of government procedures and administration.

It achieves maximum transparency all along various steps leading to the contract and throughout the implementation which calls for extensive and easy access to the relevant information.

Need for implementation of Integrity Pact in India:

It is essential that IP is implemented in India as corruption is a great problem in India.

There are frequent complaints about corruption at various levels and it delays large contracts and large and small Government procurements.

Corruption at all levels significantly increases the cost of procurement and works and causes delays in important public projects.

The IP programme offers preventive way to supplement existing methods and make the total effort more effectively in reducing corruption.

Potential benefits of IP:

It would help in speeding up and streamlining the contract management process.

It would lower the cost of procurement and works.

It reduces harassment faced by honest officials.

Benefits to the contractors/suppliers:

Contractors and suppliers are also benefited by implementation of IP as it makes processes more efficient and reduces the business cost.

Key features of IP:

The Commitments and obligations of the Principal (the concerned PSU/Govt agency)
The Commitments and obligations of the counter party (i.e. the bidder, contractors, suppliers of goods and services)

Consequences of violation of the commitments and obligations.

The role and responsibilities of the Independent External Monitors (IEM).

Implementation Steps.

Periodic review of effectiveness.

Commitments and obligations of Principal:

The Principal will commit to have ethical and corruption-free business dealings with counter parties.

The Principal will value its relationship with all counter parties and will deal with them in a fair and transparent manner.

The Principal and/or its associates (employees, agents, consultants, advisors etc) will not seek any favour, undue benefit or accept bribes for themselves or for third parties.

Will deal with all counterparties with equity, reasonableness and fairness.

Will exclude all associates who may be prejudiced or have a conflict of interest in dealings with counter parties.

Will honour its commitments and make payments in a time bound manner.

Will initiate action and pursue it vigorously whenever corruption or unethical behaviour comes to notice.

Commitments and obligations of counter party:

Counterparty directly or indirectly (through agent, consultant, advisor etc) will not pay any bribe or extend illegal benefit or provide undue advantage to any one dealing with the Principal.

The counterparty will not engage in collusion, price-fixing etc. with other counterparties in dealing with the principal.

The counterparty will not pass to any third party any information unless authorized by the principal.

The counterparty will disclose all commissions and similar expenses paid by them to anybody in connection with the contract.
The counterparty will promote and observe best ethical practices within its organization.

The counterparty will not make any false statement or allegation against the principal.

The counterparty will inform the IEM:

- If it receives demand for a bribe or illegal payment/benefit/favour.
- If it comes to know of any unethical or illegal practice of the principal.
- Of all payments if makes to the associates of the principal.

Violations and consequences:

If a counterparty commits any violation of the IP it may lose bid security and performance bond. In addition, the Principal may terminate any current contract and business relationship with such counterparties and their associates.

The Principal would ban the business and exclude the counterparty from future dealings until the EIM is satisfied that the counterparty will not commit any violation in future.

The counterparty will be liable to damages as determined by the EIM.

The Principal may initiate criminal proceedings against violating counterparties.

Independent External Monitors:

The Principal in consultation with CVC will appoint an IEM to oversee IP program implementation and effectiveness. Sri Dhirendra Singh IAS (Retd) is the IEM at present.

IEM will be a person of impeccable integrity and knowledgeable of Government tendering/contracting processes.

At the time of appointment as IEM, the person should be less than 70 years of age. On completion of tenure of initial three years if age of seventy years has been crossed, further extension of 2 years will not be admissible. (CVC Circular No 06/07/12 Dt 23rd July 2012)
IEM preferably should have domain knowledge/experience of the principal’s work area.

The major role of IEM will be to prevent/reduce/eliminate corruption, bribing and other unethical practices.

IEM will not have any administrative, implementation or enforcement responsibilities. He will coordinate with other anti-corruption organisations such as CVC. He may engage services of outside agencies such as accounting firms, law firms etc., if required in discharge of his responsibilities.

IEM will have access to all offices and internal records of the principal. He will also have access to counterparty’s records and information regarding their dealings with the principal.

IEM will have the right to attend any meeting between Principal concerned and the counterparties as well as internal meetings of principal.

If the IEM observes or suspects any irregularity, he will inform the appropriate senior most officer of Principal concerned. He may also inform CVC and make the information public.

IEM can be removed from his office by the Principal concerned with the consent of CVC through an open and transparent process.

IEM will be a voluntary and non-salaried position.

Implementation Steps

To get commitment from all Senior-level officials of Principal to implement the program.

To identify Nodal Officer and Nodal Department.

To develop a phased implementation program, initially all contracts worth over a threshold limit and more should be covered under this Program.

To select and appoint IEMs in consultation with CVC.

To develop detailed implementation plans and modify the Integrity Pact document in consultation with the TI India and/or IEM.

To notify all senior staff members and major contractors about the plans to implement Integrity Pact Program.
To include it in the web-site and publicise this initiative through the media.

To modify the Integrity Pact Document in consultation with Transparency International India and IEMs.

To notify all senior staff members and major contractors about the plans to implement the Integrity Pact Program.

Periodic Review and Evaluation

The Principal periodically reviews the effectiveness of Integrity Pact Program through all or some of the following:

i. IEM will have to submit a Quarterly Report on the progress and effectiveness of Integrity Pact Program.

ii. IEM and senior leadership of the Principal will do a self-assessment of Integrity Pact Program’s effectiveness and identify areas / ways to improve.

iii. Principal will have to conduct a complete and periodic review by an outside agency, including Government Officials, suppliers, Independent Observers etc. about IP’s effectiveness in reducing corruption.

iv. Principal will have to meet with CVC and TI-India on an annual basis to discuss the above.

Experience in implementation of Integrity Pact world over:

The global overview of experience of implementation indicates that IP concept is sound and workable.

One of its strengths is that it is flexible enough to adopt to many local legal structures and requirements as well as to different degrees in which the governments are willing to proceed.

Integrity Pact has already been implemented in Ministry of Defence, Public Sector Units such as HAL, ONGC and RINL. Many PSUs and other organizations are also in the process of implementation of Integrity Pact in their organizations.

Vide Materials Management Circular No.38 (issued vide Circular No.HAL/CD/617/2011/861 dated 06th May 2011) HAL has adopted that Integrity Pact would be signed with vendors in case estimated value of each contract exceeds Rs.20 Crores.
The revised Integrity Pact format is implemented w.e.f 1\textsuperscript{st} May 2011 for all cases as follows:

(i) For all new RFQs issued after 01.05.2011.
(ii) For all RFQs already issued but where all the respondent vendors against each RFQ have not signed the earlier IP format.
(iii) For all RFQs already issued where all the respondent vendors against each RFQ have signed the earlier IP format, the new format need not be implemented.

Further, it is reiterated that IP is required to be signed in respect of all Contract/Purchase Order/Agreements wherever HAL’s estimated value is exceeding Rs. 20 Crs. IP would be submitted in a separate envelope clearly marked as “Integrity Pact” at the time of submission of Pre-qualification in case of Three Bid system, or along with Technical & Commercial Offers in case of Two Bid system. Vendor is required to sign and submit Pre-Contract IP irrespective of the value of the Commercial Bid submitted by the vendor.

However Integrity Pact is to be signed for order value of Rs 20 Cr or more even if estimated value was less than 20 Cr. (HAL/CD/617/2011/886 Dt 30\textsuperscript{th} May 2011)

**Authority to approve & Sign Integrity Pact by HAL** (vide HAL/CD/617/IP/2012/ 334 dated 09\textsuperscript{th} July 2012).

a) Authority to approve & Sign Integrity Pact by HAL with Bidders who are HAL Suppliers.

i) Authority to sign without Deviation - By GM of the Division

ii) Authority to approve with Deviations - Board of Directors (with information to MoD and CVC through CVO)

iii) IP with respect to Divisions in both the cases of (i) & (ii) above will be signed by GM of the Division

b) Authority to approve & sign Integrity Pact with tendering agency when HAL is participating in a tender
The CFA as per DoP No. 19,20 & 21 in respect of contract where HAL is participating in the tender, will approve and sign the IP on behalf of the Company.

5. **Complaint Handling**

Receipt of information about corruption, malpractice or misconduct on the part of public servants, from whatever source, would be termed as a complaint.

Dictionary definition of complaint is that statement that one is aggrieved or dissatisfied; formal protest; illness. In official parlance, complaints are communications reporting grievances of malpractices and are the starting point of punitive vigilance work. Complaints are an important source of information about the corruption, malpractice and misconduct on the part of public servants.

However, before initiating any action on oral complaints, their identity should be verified. Any allegation having a scope of corruption or corrupt practices has a "Vigilance Angle". The purpose of a complaint may be to settle scores. Complaints can be screened as under:

(a) Whether the subject matter is within the executive power of the Central Government, or Organisation.

(b) Having vigilance or non-vigilance angle.

(c) Pertains to misconduct having rational connection with the present employment.

The following is the procedure of handling complaint as per CVC:

(a) Every Vigilance Section/Unit in the Division/Complex will maintain a vigilance complaints register in Form CVO-1, in two separate parts for category ‘A’ and category ‘B’ employees. Category ‘A’ includes such employees against whom Commission’s advice is required whereas category ‘B’ includes such employees against whom Commission’s advice is not required. If a complaint involves both categories of employees, it should be shown against the higher category, i.e. category ‘A’.

(b) Every complaint, irrespective of its source, would be entered in the prescribed format in the complaints register chronologically as it is received or taken notice of. A complaint containing allegations against several officers may be treated as one complaint for the purpose of statistical returns.

(c) Entries of only those complaints in which there is an allegation of corruption or improper motive; or if the alleged facts prima facie indicate an element or potentiality of a vigilance angle should be made in the register.
Complaints, which relate to purely administrative matters or technical lapses, such as late attendance, disobedience, insubordination, negligence, lack of supervision or operational or technical irregularities, etc. should not be entered in the register and should be dealt with separately under "non-vigilance complaints".

(d) A complaint against an employee of a public sector enterprise or an autonomous organisation may be received in the administrative Ministry concerned and also in the Central Vigilance Commission. Such complaints will normally be sent for inquiry to the organisation in which the employee concerned is employed and should be entered in the vigilance complaints register of that organisation only. Such complaints should not be entered in the vigilance complaints register of the administrative Ministry in order to avoid duplication of entries and inflation of statistics, except in cases in which, for any special reason, it is proposed to deal with the matter in the Ministry itself without consulting the employing organisation.

(e) Each complaint will be examined by the Chief Vigilance Officer to see whether there is any substance in the allegations made in it to merit looking into. Where the allegations are vague and general and prima facie unverifiable, the Chief Vigilance Officer may decide, with the approval of the head of his department, where considered necessary, that no action is necessary and the complaint should be dropped and filed. Where the complaint seems to give information definite enough to require a further check, a preliminary inquiry/investigation will need to be made to verify the allegations so as to decide whether, or not, the public servant concerned should be proceeded against departmentally or in a court of law or both. If considered necessary, the chief vigilance officer may have a quick look into the relevant records and examine them to satisfy himself about the need for further inquiry into the allegations made in the complaint. The information passed on by the CBI to the Ministry/Department regarding the conduct of any of its officers should also be treated in the same way.

(f) A complaint which is registered can be dealt with as follows:

(i) file it without or after investigation; or

(ii) pass it on to the CBI for investigation/appropriate action; or

(iii) pass it on to the concerned administrative authority for appropriate action on the ground that no vigilance angle is involved; or

(iv) take up for detailed investigation by the departmental vigilance agency.
An entry to that effect would be made in columns 6 and 7 of the vigilance complaint register with regard to “action taken” and “date of action” respectively. A Complaint will be treated as disposed for monthly/annual returns either on submission to concerned Disciplinary Authority or final decision for closing or dropping the complaint. If a complaint is taken up for investigation by the departmental vigilance agency, or in cases in which it is decided to initiate departmental proceedings or criminal prosecution, further progress would be watched through other relevant registers. If there were previous cases/complaints against the same officer, it should be indicated in the remarks column, i.e. column 8.

The Commission has issued instructions that no action is to be taken by the administrative authorities, as a general rule, on anonymous/pseudonymous complaints received by them. When in doubt, the pseudonymous character of a complaint may be verified by enquiring from the signatory of the complaint whether it had actually been sent by him. If he cannot be contacted at the address given in the complaint, or if no reply is received from him within a reasonable time, it should be presumed that the complaint is pseudonymous and should accordingly be ignored. However, if any department/organisation proposes to look into any verifiable facts alleged in such complaints, it may refer the matter to the Commission seeking its concurrence through the CVO or the head of the organisation, irrespective of the level of employees involved therein.

Although, the Commission would normally also not pursue anonymous/pseudonymous complaints, yet it has not precluded itself from taking cognizance of any complaint on which action is warranted. In the event of the Commission deciding to make an inquiry into an anonymous or pseudonymous complaint, the CVO concerned will be advised to look into the complaint, should make necessary investigation and report the results of investigation to the Commission for further course of action to be taken. Such complaint should be treated as a reference received from the Central Vigilance Commission and should be entered as such in the vigilance complaints register and in the returns made to the Commission.

Where the Commission asks for an inquiry and report considering that the complaint is from an identifiable person, but it turns out to be pseudonymous, the administrative authority may bring the fact to the notice of the Commission and seek instructions whether the matter is to be pursued further. The Commission will consider and advise whether, notwithstanding the complaint being pseudonymous, the matter merits being pursued.

Sometimes, the administrative authority may conduct investigation into a pseudonymous complaint under the belief that it is a genuine signed complaint, or for any other reason. The Commission need not be consulted if it is found that the allegations are without any substance. But if the investigation indicates, prima facie, that there is some substance in the allegations, the Commission should be consulted as to the further course of action to be taken if it pertains to category “A” employee.
Vigilance Officials in the Divisions/Complex should ensure that they invariably forward a copy of complaint received by them directly from any source to the Office of the CVO. A separate register/file to be maintained for anonymous/pseudonymous complaints.

Vide Circular No.3(v)/99/2 dated 29th June 1999, CVC had categorically directed that no action is to be taken on anonymous/pseudonymous petitions/complaints.


Vide Circular No.98/DSP/9 dated 11.10.2002, the Commission has reiterated that no action was to be taken on anonymous/pseudonymous petitions/complaints. However if any Department/organization proposes to look into any verifiable facts alleged in such complaints, it may refer the matter to the Commission seeking its concurrence through the CVO or the head of the organization irrespective of the level of employees involved therein.

Vide Office Order No 16/3/04 dated 01 Apr 2004, issued instructions regarding handling/closure of complaints which either do not attract Vigilance angle or the issue of petty nature and the complaints which are set for action and report.

The Govt. of India has authorized the Central Vigilance Commission as the designated agency to receive written complaints for disclosure on any allegation of corruption or misuse of office and recommend appropriate action. Vide Office Order No.33/5/2004 dated 17 May 2004, CVC forwarded a Public Notice published by it on the subject ‘Govt. of India Resolution on Public Interest Disclosure & Protection of Informer’.

Important features of the Public Notice under GOI Resolution on Public Interest Disclosure and Protection of Informer:

(i) The Complaint should be in a closed/secured envelope

(ii) The envelope should be addressed to Secretary, Central Vigilance Commission and should be superscribed “Complaint under the Public Interest Disclosure”. If the envelope is not superscribed and closed, it will not be possible for the Commission to protect the complainant under the above resolution and the complaint will be dealt with as per the normal complaint policy of the Commission. The complainant should give his/her name and address in the beginning or end of complaint or in an attached letter.

(iii) Commission will not entertain anonymous/ pseudonymous complaints.
(iv) The text of the complaint should be carefully drafted so as not to give any details or clue as to his/her identity. However the details of the complaint should be specific and verifiable.

(v) In order to protect identity of the person, the Commission will not issue any acknowledgement and the whistle-blowers are advised not to enter into any further correspondence with the Commission in their own interest. The Commission assures that subject to the facts of the case being verifiable, it will take the necessary action, as provided under the Government of India Resolution mentioned above. If any further clarification is required, the Commission will get in touch with the complainant.

(vi) The Commission can also take action against complainants making motivated/vexatious complaints under this Resolution.

Vide Office Order No.57/8/04 dated 31.8.2004, the Commission has decided that :-

(a) as a rule complaints/cases which are more than 5 years old and no action has been taken till then, should not be investigated. However the time limit of 5 years will not apply to cases of fraud and other criminal offences: and

(b) no cognizance should be taken of any complaint which is received 6 months prior to the initiation of selection process for senior posts.

Vide Office Order No.12/3/2005 dated 16th March 2005, Commission that no complaint is to be closed by the Department on its own without consulting the Commission in case the same has been forwarded by the Commission for a report.

Vide Circular No.25/7/06 dated 6th July 2006, the Commission issued detailed clarification on some of the select issues raised in the Annual Zonal Meetings and interactive sessions of CVOs including issues pertaining to Complaints. It is directed that anonymous/pseudonymous complaints attracting vigilance angle may be verified. However, for conducting detailed investigation, approval of the Commission is to be invariably obtained.

Vide Circular No 15/7/09 dated 01 Jul 2009, CVC issued instructions regarding access of complaints to the CVOs.

**Gist of Complaint Handling Policy in HAL**


Features of Complaint Handling Policy are as under :-
(a) CVO should have access to all complaints.

(b) Vigilance Department would act as the Nodal Agency for handling all complaints received in the Organization.

(c) All the complaints received by the Divisions/Offices are to be forwarded to the CVO, irrespective of whether the complaint bears Vigilance angle or not.

(d) CVO would decide whether the complaint attracts Vigilance angle or not and dispose the complaint accordingly.

All complaints and information received from sources received by the Department at Division/Complex will be forwarded directly to the CVO after retaining a copy of the same. Vigilance investigation into the allegations made in the complaint will be decided by the CVO and complaint number will be allotted in case detailed investigation is ordered. Details of the complaint will be entered in the CVO’s Complaint Register and will be assigned a complaint number. The complaint number allotted by the Corporate Office shall thereafter be used for all future correspondence.

Where detailed investigation is ordered based on the outcome of checks/scrutiny carried out as per Action Plan, Surprise Checks, Intensive Examinations, CTE Type Inspections, system Studies, Scrutiny of Files, etc, the same will be allotted Case Number. The case number allotted by the Corporate Office shall thereafter be used for all future correspondence.

At the Corporate Office complaints/cases will be handled Division/Complex-wise and separate pages will be allotted in the Complaint Register (CVO Complaint Register).

Information received from sources/informants will be first reduced to writing. The same will be sent to the CO under intimation to the Complex HODs as applicable. Action on the information will be taken up on specific directions from the CO. Information wherein urgent action is required to be taken will be communicated to CVO on telephone for further directions.

It is reiterated that no investigation/verification will be undertaken suo moto, without an explicit direction from the CVO.

The ISO 9001-2008 Quality Manual Part-II of Vigilance Department contains the flow chart regarding handling of complaints and check lists that need to be maintained for complaint verification.
For further guidance, please refer FAQ on Four-Part Report elaborated in this chapter.

**False Complaints**

Action against persons making false complaints has been mentioned in detail vide Para 26 of Special Chapter on Vigilance Management in Public Sector Enterprises,

Section 182 IPC provides for prosecution of a person making a false complaint. Therefore if a complaint against a public servant is found to be malicious, vexatious or unfounded, serious action should be considered against the complainant.

Under Section 195 (e) Cr.P.C. a person making a false statement can be prosecuted on a complaint lodged with a court of competent jurisdiction by the public servant to whom the false complaint was made or by some other public servant to whom he is subordinate.

Alternatively if the complainant is a public servant it may also be considered whether departmental action should be taken against him as an alternative or in addition to prosecution.

HAL CDA Rules and Standing Orders deems making of false complaints as misconduct and disciplinary action can be initiated thereto in such cases.

5. **Investigation:**

Investigate: “to carefully examine the facts of a situation, an event, a crime etc., to find out the truth about it on how it happened.”

Investigation: “an official examination of the facts about a situation, crime etc., a scientific or academic examination of the facts of a subject or a problem.”

Or

“Systematic examination by experiment or mathematical treatment: to investigate or to inquire into something systematically” Therefore the stress is on the word systematic. This is the key to successful investigation.

**Basis for conduct of investigation - Complaints:**

The initiation of an investigation is mainly based on a complaint. Information about corruption/ malpractices on part of public servants may come to light from any source such as :-

Complaints received by an administrative authority;
Complaints received in the Central Vigilance Commission

Complaints received or intelligence gathered by CBI and by Police authorities;

Departmental inspection reports and stock verification surveys;

Scrutiny of Annual Property Returns;

Scrutiny of transactions reported under the Conduct Rules;

Reports of any irregularities in accounts revealed in the routine audit of accounts e.g. tampering with records, over-payments, misappropriation of money or materials etc;

Audit reports on Government accounts and on the accounts of public undertakings and other corporate bodies;

Report of parliamentary committees like the Estimates Committee, Public Accounts Committee and the Committee on Public Undertakings;

Proceedings of the two Houses of Parliament;

Complaints and allegations appearing in the press, etc.

Apart from information gathered from outside sources, the Vigilance Officials should devise and adopt such other methods as they may consider appropriate and fruitful in the context of the nature of work handled in HAL for collecting information about any possible malpractices and misconduct among the employees of the organization. Information gathered in such a manner will also be reduced to writing and registered in the Vigilance Complaints Register at a suitable stage with the approval of the CVO. Generally, Vigilance investigations into matters affecting HAL would be taken based on the following :-

(a) At the request of the Management with prior approval of the CVO.

(b) On the directions of the CVO.

(c) On receipt of complaint/source information with prior approval of the CVO.

(d) After conduct of preventive vigilance inspection/checks, where prima facie it is found that employees are indulging in malpractices etc, with the prior approval of the CVO.
VIGILANCE INVESTIGATION

The majority of Vigilance investigations are concerned with the following :-

(a) Commission of criminal offences like demand and acceptance of illegal gratification, possession of disproportionate assets, forgery, cheating, abuse of official position with a view to obtaining pecuniary advantage for self or for any other person.

(b) Irregularities reflecting adversely on the integrity of the public servant

(c) Lapses involving any of the following:

   (i) Gross negligence

   (ii) Reckless decision.

   (iii) Failure to report to competent authorities, exercise of discretion/powers without or in excess of powers/jurisdiction

   (iv) Cause of undue loss or a concomitant gain to an individual or a set of individuals/a party or parties; and

   (v) Flagrant violation of systems and procedures

Systematic conduct of investigation:

Stage – I – Initial Planning:

Whatever be the type of investigation, the following should be considered during the initial planning:

Reasons for the investigation, which is based on background data

Is it a company matter?

Whether it is to handled overtly or covertly

Anticipated duration for completion of investigation

Study data available and rules/regulations connected with the case.

List out papers, files, documents and personnel required for investigation

Whether association of CBI/local police/ is considered essential
Whether the case is required to be handled exclusively by outside agency, e.g. CBI etc.

Stage – II - Collection of relevant data :

The second step is to collect all the relevant data for successful completion of the investigation. In order to conclude what is to be collected, an investigation plan must be made to include the following :-

information needed :

(a) methods to be used to collect the relevant data (documents, sample, recording of statement etc.,)

(b) sources to be used

(c) extensive groundwork may be done to collect enough evidence in terms of sample, photographs and documentary proof as corroborative evidence. The investigation plan serves as guide during the investigation. The plan should be in writing and too much reliance should not be placed on memory.

Methods of collection and sources to be used :

(a) observation – this can be done by surveillance, searches and visits to the place.

(b) study of documents and records - records should be verified and where required to be seized/photocopies taken duly authenticated by the departmental heads, if the relevant files are required by the departments for their day to day functioning.

(c) interrogation and statements – witnesses and suspected employee(s) should be listed and questioned. Wherever possible written statements should be recorded, signatures obtained in the presence of independent witnesses if possible.

(d) discussion with informants

(e) Liaison

(f) special investigations with the help of experts/agencies where required.
Collection, Marshalling and Presentation of evidence in Vigilance Cases:

Punitive Vigilance is all evidence. It is true that in Departmental cases the principle followed is of ‘preponderance of probability’ rather than ‘proof beyond doubt’ but even for this some evidence would certainly be required before a delinquent is punished. Suspicion how-so-ever strong, cannot take place of evidence. Evidence has as such to be collected, marshaled and then presented for taking proper action in a Vigilance case.

Type of evidence

Evidence can mainly be of the following types:

Oral evidence – of witnesses personally aware of any facts or circumstances of the case,

Documentary evidence – comprising documents of records relating to the case,

Physical evidence – comprising any material exhibits relating to the case and;

Circumstantial evidence – relating to any circumstances relevant to or corroborative of the facts of the case.

The type of evidence that may have to be collected or be available in any vigilance enquiry would depend on the nature of operations or allegations action otherwise.

The best way is to chalk out a priority-wise plan of investigation keeping the following objectives in view:

That there is no premature leakage of information or opportunity to the suspect official to tamper with the evidence, particularly the oral witnesses and the documents/records.

That adequate evidence is collected to:

Come to a clear finding about the allegations as far as possible;

Enable specific and clear charges being framed in subsequent departmental enquiry in case of the allegations being proved during the vigilance investigation.

That the investigation is completed without any avoidable delay under a predetermined schedule.
For the purpose of actual collection of evidence, any or all the following steps may have to be taken;

Collection and scrutiny of relevant documents/records and obtaining expert opinion in case of suspected forgery etc.

Collection of physical evidence/material exhibits and obtaining expert opinion where called for

Scrutiny of property returns and verification of assets/liabilities and sources of funds (special returns may be called for in case of need regarding moveable and immovable assets)

**Watch/surveillance :**

Laying of trap, if necessary with the help of CBI

**Examination of complainant/aggrieved persons and other oral witnesses.**

The exact sequence in which these steps would be taken would depend on the facts and circumstances of each case, the basic principle being to avoid premature leakage and prevent tampering with the evidence.

Certain precautions are necessary with regard to various types of evidence as follows :-

**Oral evidence :** Oral evidence is becoming the least dependable type of testimony because of its vulnerability to contradictions and influence by the delinquents as also gradual loss of interest due to usual delays etc. Very often the persons concerned are themselves abettors for corruption and as such naturally reluctant and non-cooperative. Such reluctance may also arise out of the fear of harassment from the delinquent or even his colleagues if the person has to continue dealings with the organization. It is however helpful if the aggrieved person or the witness is examined as early as possible after the event and is given requisite assurance against harassment etc. Efforts as far as possible should also be made to examine different witnesses either simultaneously or one after the other without giving opportunity to compare notes. The statements recorded could be attested by an officer not less than the rank of a Deputy Manager from HR Dept to the effect that the statement was recorded in his presence and the person making the statement has signed only after reading and understanding the contents as correct.

**Documentary and physical evidence :** such evidence should be collected under proper recovery memo and under attestation by independent witnesses and even by the suspect, where possible. Care should also be taken for their safe custody to prevent subsequent tampering with or disappearance. In case of vital records/documents it may be worthwhile keeping their photo copies.
Marshalling of evidence: a plethora of evidence is usually collected during vigilance investigation often disjointed and some of it even sometimes irrelevant, particularly in the oral evidence. Such evidence in its raw form may not serve much purpose. It has to be properly marshaled to establish co-relation between various types of evidence, side and with different allegations on the other. The marshalling has to be done allegation wise and in a manner which would help in coming to a well reasoned finding about the allegations, and formulating a proper enquiry report for the disciplinary authority. The defence if any offered by the suspected official or otherwise the possible line of defence should also be kept in view in marshalling the evidence.

The concept of Panchanama or Mahazar is one of the documents prepared generally during the course of any seizure/check.

A Panchanama is as good as a photograph of a particular incident, answering basic queries of 5 Ws and 1 H, i.e. who, what, when, where, why and if possible, how. Normally a Panchanama will contain the following information:

Date and place of the incident.

Brief details of the matter which is going to be taken up, information like incident or seizing of certain materials/documents etc

Brief description of the incident/occurrence

The Name/Designation/Badge No. of the suspect.

Brief description of the materials in case of seizure like documents/material objects etc

The Panchanama should be signed by atleast 5 persons including the drawer and the suspect.

Witnesses, preferably independent.

In case of seizing the materials/documents the packet/cover of the seized items should also be signed by all the witnesses who are signatories to the Panchanama.

Ambiguous terms like etc, may be, should not be used

All corrections in the Panchanama should be attested by the suspect

In case of refusal to sign the Panchanama by the suspect, an entry to the effect has to be made and attested by the accompanying witnesses

In case a photograph is arranged, a mention to that effect is to be made.
Units of measurement/quantity/Nos. wherever not possible for immediate ascertaining, and the recording of time should be preceded by the word ‘about’.

ISO 9001-2008 Quality Manual Part – II of Vigilance Department contains the formats for Enquiry Notice, which the Vigilance Officer is expected to issue while summoning HAL employees for examination/recording of statement. It also contains standard format wherein the documents/files/records etc are requested.

The format for requisitioning files/records etc can be used both for checks/inspections/scrutiny that is carried out as part of Preventive Vigilance Check/Action Plant etc., as well as during vigilance case investigations. However timely securing of files/records is very vital. In case of deliberate delay on the part of the custodian in making available the files/records/documents/information etc, efforts to be made to take up the matter with concerned HOD.

However if the Vigilance Official during the course of Vigilance Investigation genuinely apprehends that all reasonable efforts to secure the file/record/document/information has not yielded any result and that there is possibility of tampering/destruction of evidence then he would proceed to seize the record/file/document etc from the custodian after following the procedure laid down in the Seizure Report/Panchanama.

**Stage – II**

**Analysis and verification :**

The third step is analysis & verification of the information gathered. The results should be studied from the standpoint of whether or not it is complete, whether it answers all the questions set out in the investigation plan & whether the information is actual. All doubtful information should be verified/re-verified.

A proper analysis will enable the Vigilance staff to determine what further information is needed.

One should never be content with the obvious explanation until convinced that it is the correct one. This demands cross checking, checking against record & knowledge of persons, organisations & places.

Side issues must not be allowed to confuse the aim. If the side issues merits follow up, a separate investigation can be started once the aim has been achieved.

Vigilance staff must always be looking for behaviour or other facts, which are out of character. Character weakness or domestic troubles may provide a clue. Also holding of too much property, living extravagantly, etc will also provide hint about the involvement of employee(s) in corrupt activities/malpractices.
Assistance must be taken when required from other agencies for technical or forensic information on subjects such as fingerprints, document verification, technical analysis, etc.

Vigilance staff must not be put off by the designation, influence or apparent respectability of the persons involved. Corrupt activities are not crimes committed by one class of persons only.

Recording Information:

Experience has long emphasized the wisdom & necessity of recording information and facts in preference to relying on memory. For this purpose it is advisable to maintain notebook. Maintenance of note book has the following advantages:

It can be used as a constant reference during the investigation.

It serves as a basis for written reports of the investigation.

Helps in refreshing memory when there is a requirement to testify the same.

Qualities of an investigator:

A thorough knowledge of operational practices and procedures, including system of maintenance of records etc., rules and regulations applicable to the area of operations under investigation.

Keen observation and power of distinguishing between normal and unusual.

Properly developed imagination to be able to visualize the source and areas where to look for evidence and also the likely relevance or implications of whatever comes his way, even when seemingly trivial.

Tenacity to pursue his objective even in the face of setbacks or lack of success initially.

Total objectivity to be able to take a rational and realistic view of facts and analyse the evidence without being affected or misguided by any pre-conceived notions.

A controlled imagination, an acute sense of anticipation unencumbered by any tendency to romanticize.

A flair on its own is not enough. It must be supported by a good knowledge of the profession, rules & regulations.
An ability must be acquired & developed by applying oneself conscientiously to develop certain senses & the requisite mental outlook.

Coolness & firmness.

Patience.

Perseverance

Analytical & good Judgement.

Courage & Confidence.

A deliberate but not evident distrust of people & things, until they have been cleared.

Receptivity

Good liaison & wide circle of contacts.

Basic knowledge of elementary human psychology & behaviour.

Effective communication skills – both verbal & written.

Reproachless integrity/character.

Sense of professionalism

**Investigation of Vigilance Cases**

The four elements of successful investigation are as follows :-

(a) Establish prima-facie.

(b) The modus operandi or the manner in which the violation was caused.

(c) The means or instruments used.

(d) Accurate identification of the individual or individuals involved.

**INVESTIGATION / INQUIRY REPORT**

With a view to improving the quality and focus of Vigilance Investigation report, henceforth all the vigilance HOD’s will submit the preliminary investigation report in the format given by CVC Circular No 21/8/09 with
reference to Para 8 of the report, the comments of DA is not required to be sent in respect to officers not falling under the jurisdiction of CVC.

2. The reports will be accompanied by an Assurance Memo and Bio data of suspected officials figuring in the investigation report.

(Authority : HAL/CO/VIG/47/2010/397 Dt 23 Mar 2010 )

CVC CIRCULAR NO 21/8 /09

Subject : Reference to the Commission for first stage advice - Procedure regarding.

Reference :

(i) Commission’s circular No NZ/PRC/1/ Dated 26-2-2004
(ii) Commission’s circular No NZ/PRC/1 Dated 9-5-2005
(iii) Commission’s circular No 006/PRC/1/ Dated 13-3-2006 and
(iv) Commission’s circular No 006/PRC/1/ dated 1-12-2008

1. The Commission receives preliminary inquiry reports from the Chief Vigilance officer (CVOs) of Departments / Organizations seeking the first stage advice. Reports for similar action also emanate from the CVOs in response to the Commission’s directions for investigation issued u/s 8(1) (d) of the CVC Act 2003. However, these reports are often found lacking in cogent analysis for misconduct of allegations, evidence on record and the recommendation of line of action. The supporting documents catered are also very often disjointed, casually arranged or unduly bulky, making the examination cumbersome and leading to protracted correspondence and delays.

2. With a view to improving the quality and focus of these investigation reports the commission has devised a new reporting format. Accordingly it is directed that henceforth, a vigilance report should broadly conform to the parameters, specified in Annexure ‘A’. Further, as the Commission lays utmost emphasis on facts, evidence and recommendations made by the CVOs, an investigation report should invariably be accompanied by an assurance memorandum (Annexure B) signed by the CVO, taking due responsibility and giving assurance of a comprehensive application of mind while submitting the report.

3. In supersession, therefore, of earlier instructions of the Commission on submission of investigation reports, the following instructions should be followed scrupulously while seeking the first stage advice.

(v) All vigilance reports of CVOs should conform to the parameters prescribed in Annexure –A.
(vi) They would be accompanied by an Assurance Memo, in the form of Annexure –B.
(vii) Bio–Data of suspect officials, figuring in the investigation reports, should be enclosed as per the format provided at Annexure –C.

(viii) Tabular statements as prescribed vide the Commission’s circulars dated 1-12-2008 shall continue and it should be objective and precise.

(ix) Draft charge-sheets and imputation of charge in respect of suspect officials where disciplinary action, such as major penalty or minor penalty proceedings, is proposed, would accompany the investigation reports.

4. The CVOs would ensure that all documents / exhibits, constituting the basic evidence for the charge, are systematically identified and arranged. Superfluous and voluminous documents, with little or no relevance to the misconduct under examination, should be retained at the CVO’s end. In case any additional material or evidence is required, it can always be recalled by the Commission before an advice is tendered.

5. The aforesaid reporting procedure would become operative with immediate effect.

Authority: (Central Vigilance Commission Circular No 006/PRC/1/52437 Dt 06th August 2009.)
Annexure ‘A’

FORMAT - VIGILANCE REPORT

1. Source:
   Background of the report - Whether based on source information.
   Complaint referred to by the CVC, CTE/CTE type inspection or direct enquiry.

2. Gist of allegations

3. Facts:
   - The relevant facts relating to the issue under examination should be presented in chronological or activity wise sequence.
   - Each fact should be supported by documentary evidence (other forms of evidence may also be presented) denoted as E1, E2, and E3 etc. Since the facts occur in chronological order, the evidence E1, E2, E3 etc, should necessarily be arranged under the report in the same order, thus making it easier for reference.
   - While annexing the evidence, the relevant portion of the document should be highlighted and annexed. For example, the evidence for educational qualification for promotion should consist of the Xerox copy of only the clause prescribing the qualification and not the whole 20 pages of the promotion policy.
   - There may be several issues in a report which may be conveniently arranged as different Paras Viz 2.1, 2.2 etc.
   - All relevant facts needed to support the observations / Conclusion should be gathered and presented. Irrelevant facts, bearing no consequence on the issue under inquiry should be avoided.
   - Evidence presented should be credible and adequate.

4. Observations:
   - Ordinarily, observations are logical deductions arrived at through a set of facts. They are in the nature of objections or anomalies observed with reference to the gathered facts. There may be several observations arising out of the analysis of facts.
   - Observations are also arrived at by evaluating the facts against certain criteria viz. rules, regulations, policies, procedures, norms, good practices or normative principles. Evidence of these criteria (extracts of rules, procedures etc.) should also be presented as E1, E2, etc.
5. **Response of the officials concerned:**

- It is necessary to elicit the reasons and clarification on the management or the officers concerned for the anomalies pointed out in the observations. Every deviations from rules or procedure cannot be attributed to a malafide / corrupt intent. There may be situations where it may be difficult to achieve the objectives of the task by strictly abiding by the rules. Rules may be circumvented, while expediting the work or in the larger interest of the work with good intentions. It is therefore, essential for Vigilance to distinguish between acts of omission and acts of commission. Therefore obtaining the response of the officers concerned is essential in order to arrive at an objective conclusion.

- Response of the management is also necessary in order to clarify differences in interpretation or an understanding of the issues between vigilance and the management.

6. **Counter to the response:**

- In order to sustain the observations made by Vigilance, it is necessary to counter the Defence given by the management / officers concerned with facts and supporting evidence. It should be clearly and convincingly brought out why the explanation given by the management is not tenable.

7. **Conclusion:**

- Conclusion is the logical summation of observations. The observations denoting various counts of irregularity, lapses of impropriety should finally lead to a logical conclusion on whether the case involves commission of irregularity /impropriety with the intention of corruption.

- Undue favour given to a party or obtained for self and its adverse impact on the government or the citizens in terms of additional cost, poor quality or delayed service should be clearly highlighted.

8. **Responsibility of officials:**

- Having determined the vigilance angle in the case the next step is to fix the accountability of the individuals involved in the misconduct. Name of officers should be clearly stated in this Para.

- The role of each officer should be judged with reference to his prescribed charter of duties. In case the tender committee is responsible for misconduct then, as far as possible, all members should be equally and collectively held responsible.
- Comments of Disciplinary Authority should invariably be included.

9. **Recommendation of action:**

- Recommendation for closure of the case in case there is no discernable vigilance angle or criminal misconduct, should be clearly spelt out.

- Bio data of the officials reported against in the investigation report should be included in the given format.

10. **Recommendation for systemic improvement.**

- Punitive action on detection of corruption does not by itself lead to a logical conclusion unless it is able to prevent recurrence of the lapse. Any fraud, corruption, irregularity or impropriety indicates a failure of control mechanism or gaps in systems and procedures. Therefore, each case throws up an opportunity to identify these control failures and suggests ways of plugging them to prevent recurrence of the lapse. Therefore, at the end of the report the CVO should also try to recommend systemic improvements in order to prevent the risk of a recurrence of the lapse / misconduct.
Annexure ‘B’

Assurance Memo

This is to provide reasonable assurance to the Commission:

(a) That all necessary facts and relevant evidence have been gathered.
(b) That all facts and supporting evidence have been duly verified.
(c) That contested evidence, if any, have been conclusively handled with reference to the facts at the disposal of vigilance.

Chief Vigilance Officer

Annexure ‘C’

Format of Bio data officers against whom Commission’s advice is sought

(To be incorporated in the vigilance report of the CVO)

1. Name of the Officer : 
2. Designation : 
   (a) At present 
   (b) At the time of alleged misconduct : 
3. Service to which belongs : 
   (Cadre and year of allotment in case of officers of the Organization/All India Services) 
4. Date of Birth : 
5. Date of superannuation : 
6. Level /Group of the present post and pay scale : 
7. Date of suspension (If under suspension) : 
8. Disciplinary rules applicable to the officer : 

***************
**SUBMISSION OF INVESTIGATION REPORT - CAUTION NOTE :**

a) The Vigilance Investigation Report, sent herewith may please be treated as Confidential document and no reference of it may be made in any document to be issued to the accused.

b) In case any applicant seeks any copy of Vigilance Investigation Report or part thereof, under RTI Act 2005, view of the Chief Vigilance Officer, HAL should be ascertained as per Sec 8 read with 11 of RTI Act before deciding the matter.


**Four-Part Report.** In order to streamline the reporting system of the Vigilance cases to ensure completion of each activity within the prescribed timeline Vigilance Department has designed a system called Four-Part Report. The Four-Part Report, a report divided into 4 heads has been devised for the purpose. Each part has been designed with relevant columns to cover various stages of vigilance cases. Each part contains information/data as given below:-

(a) **Part A.** Registration of complaints/cases and submission of investigation reports.

(b) **Part B.** Details of investigation reports submitted to the concerned Disciplinary Authority and pendency of Vigilance cases individual-wise.

(c) **Part C.** Data pertaining to pending disciplinary proceedings from the stage of issuance of charge sheet to submission of enquiry report to the concerned Disciplinary Authority.

(d) **Part D.** Details of Vigilance cases (individual-wise) pending with Disciplinary Authority for issuance of Final Orders.

An FAQ has been circulated as a reference point and to help Vigilance functionaries in furnishing accurate data and also to remove doubts if any. The same has been re-produced below.

**FREQUENTLY ASKED QUESTIONS (FAQs) – COMPLAINTS / CASES**

1. It is seen that there exists certain doubts on the allotment of Complaint No, Case Number, Verification Report and Detailed Investigation Report. Lr No HAL/CO/VIG/56/2011/042 Dt.20.07.2011 titled “Verification Report” has illustrated the difference between a Verification Report and a Preliminary Verification Enquiry or Investigation. Further clarifications are provided in the FAQs below:
(i) **Question**: What are the Stages of a Vigilance Investigation?

There are two stages of Vigilance Investigation:

(a) Verification Report (VR)
(b) Detailed Investigation (DI)

In all future correspondences, CO (Vig) will mention in abbreviated form (VR) or (DI).

(ii) **Question**: What is a Verification Report (VR)?

A VR is an initial report called on a Complaint/Source Information/Referral from MOD or CVC etc. to seek answers to the following:

(a) Whether there are pointers to suggest the existence of a Vigilance angle in a given Complaint/Source Information/Case?
(b) Whether the allegations (in case of complaints) are vague or specific?
(c) Whether the allegations are verifiable?
(d) Whether the complaint is Signed/Anonymous/Pseudonymous?
(e) Whether Signed Complaint has been verified with the complainant?
(f) Whether the matter pertains to the business of HAL?
(g) Whether the matter needs to be taken up for a DI.
(h) Any other recommendations such as System Improvement/Closure etc.

At the state of VR records may be examined on need basis. However, the Officers/Officials involved are not to be examined.

At times in appropriate cases, CVO may call for a discreet Verification Report.

(iii) **Question**: What is a discreet Verification?

A discreet verification is carried out to ascertain the veracity of the issues brought out in a complaint/information received from a source without compromising the confidentiality of the enquiry or the source. The object is not to obtain complete details but only to ascertain prima facie the existence of a vigilance angle. Caution needs to be taken so that neither the person/s against whom allegations are made are alerted nor the source is compromised. Persons against whom discreet verification is undertaken are not to
be examined for seeking any clarification at this stage. Files/Documents should be requisitioned, if required, indirectly along with several such files, with utmost caution and confidentiality.

(iv) **Question**: Is the VR pendency to be reflected in any Report?

As no Complaint No / Case No is allotted at the stage of VR, there is no requirement of reflection of the pendency in any statistical data. Such a stage only arises once directions from Corporate Office for a DI is issued duly allotting a Complaint No/Case No. The formal date for taking up Complaint / Case for statistical purposes will be the date of issuance of approval by the Corporate Office.

A Summary of pending VR would be sent to the CVO by Complex Head in a Confidential cover by 20th of every month as per the format enclosed. The VR status will be monitored by SO to CVO.

(v) **Question**: How much time is ordinarily given for furnishing a VR?

Henceforth, a time of Four Weeks will be given for submission of a VR.

(vi) **Question**: What action is required to be taken on receipt of Source Information?

Source Information which has been received orally or as a written communication will be forwarded to the CVO by name. Information received orally will be reduced to writing and forwarded to the CVO by name. Under exceptional circumstances and for reasons of urgency CVO may be contacted and further directions obtained telephonically. Under no circumstance suo moto action will be initiated on a source information without the approval of the CVO.

(vii) **Question**: What is a Detailed Investigation (DI)?

DI is a full-fledged investigation which is required to be conducted on specific approval by the CVO to ascertain the authenticity of the allegations made in the complaint, examine the persons concerned, identify modus operandi (acts of omission/commission), fix responsibility, suggest systemic corrections and make appropriate recommendations for disciplinary action, administrative action, etc. in the written report. It will bear a Complaint No. / Case No. The date of commencement of investigation will be the date of intimation by CO duly allotting a Complaint No. / Case No. This Number will be mentioned in all references along with the case name. No detailed investigation is to be approved at CO (Vig) without the allotment of a Case / Complaint Number. A DI will be submitted as per the CVC format of August 2009, complete with Assurance Memo and Bio-Data of the Officers/Officials concerned.
(viii) Question: How much time will be given ordinarily for completion of a DI?

Henceforth, a time of Eight weeks will be given for submission of a DI commencing from the date of allotment of Complaint / Case No.

(ix) Question: What is a Complaint No.?  

Complaints (Written or Oral) which are taken up for D.I. and report are allotted a Complaint No by the Corporate Office. Policy Guidelines are issued vide Circular No 2/2012, Lr No HAL/CO/ VIG/47/2012/099 Dt. 11.01.2012. An Example of a Complaint No. is:

CO / NK(M) / Complaint No. XXXXXXXXX/ 2013.

Where: CO is Corporate office,  
       NK is name of the Division,  
       M is the name of the Complex, and  
       XXXXXXXXX is the Ser No. of Complaint in respect of the Division for the year 2013.

The Corporate Office will also allot the title of a Complaint in such a way that the details are not evident from the title to anyone. Such Complaint Number and title of Complaint allotted is required to be quoted compulsorily in all correspondence.

(x) Question: When is Complaint No allotted?

Complaint Number is allotted after scrutiny of the VR by CO, Vigilance and decision by the CVO to conduct a DI. This decision is intimated to the Divisional/Complex duly allotting a Complaint No. A colour coded format for intimation of Complaint Number allotted has been designed for easy reference (enclosed).

(xi) Question: What is Case No?

A Case No is allotted for DI arising from sources other than a complaint. A Case No. is allotted at CO as under:

CO / NK(M) / Case No. XXXXXXXXX/ 2013.

The methodology of allotting a Case No. is similar to a Complaint No. except that the word Complaint is replaced by the word Case. Case Numbers are allotted to issues taken up for D.I. arising out of Source Information, System Study, Action Plan, Intensive Examination, Surprise checks, etc. i.e. from sources other than complaints. Case Numbers are allotted after scrutiny of the VR by the CO Vigilance and decision by the
CVO to conduct a DI. Case Numbers are generated sequentially in continuation from the Complaint Register.

(xii) **Question**: When is Case No allotted?

A Case No is allotted by the CO, Vigilance Department, after scrutiny of a VR, Action Plan, Intensive Examination, Source Information, etc. i.e. from sources other than a complaint and decision of the CVO directing conduct of DI. The Corporate Office will also allot the title of the case and communicate the same in a coded format. The case title will be allotted in such a way that the details are not evident from title to any one. A format for intimation of a Case Number allotted has been designed for easy reference (enclosed). Such Case Number and Name of the Case is required to be quoted compulsorily in all correspondence.

(xiii) **Question**: What is the effective date for commencement of a DI or statistical purposes?

The date of allotment of a Complaint No/Case No for DI is the date of commencement of a DI. This date is required to be reflected in the Quarterly Report and the monthly Four Part Report as well as other reports.

(xiv) **Question**: What is the effective date of closure of a DI?

A DI of an allotted Complaint / Case No. is considered as closed upon the receipt of written approval from the CO conveying the assent of the CVO to close the same. A colour coded format for intimation of the closure of Complaint / Case has been designed for easy reference (enclosed).

(xv) **Question**: How is the current status of an ongoing DI to be shown in the Four Part Report (Column 6 of Part A) which is due by 20th of every month?

The status of an ongoing DI must compulsorily be mention in the current status the stage at which it is pending:

Status:

(i) Examination of Records/Evidences stage

OR

(ii) Recording of statement Stage

OR

(iii) Finalisation of Report stage

The likely date of completion is also to be mentioned as per the format. It must be ensured that vague, non specific replies such as “Investigation is in progress” is not furnished.
(xvi) Question: What are the inclusions in Four Part Report?

It may be noted that the Four Part Report has been sequentially designed.

**Part A:** Part A should contain pendency of all DIs. As stated earlier pending Verification Reports do not form part of any statistical report.

*From:* The Date of Allotment of Complaint / Case Number.
*To:* The Date of communication from Corporate Office of Closure in the colour coded format.

**Part B:** Part B should contain pendency of all Cases.

*From:* The Date of Submission of Investigation Report to the DA.
*To:* The Date of Issuance of Charge sheet.

**NOTE:** All cases of Advisory/Counselling only etc. are also to be reflected in Part-B till the issuance of Advisory/completion of counselling. The pendency of the cases is to be reflected officer/official wise. A copy of the last report finalized at Corporate Office is enclosed for guidance.

**Part C:** Part C should contain pendency of all Departmental Enquiry Committees (DECs) arising out of a Vigilance Investigation.

*From:* The Date of Issuance of Charge sheet.
*To:* The Date of submission of EO's Report to DA.

**NOTE:** In the remarks column of Part C, the following details may be mentioned:

- Date of First Sitting:
- Date of Last Sitting:
- Date of Next Sitting:

**NOTE:** The pendency of the DECs is to be reflected officer/official wise. A copy of the last report finalized at Corporate Office is enclosed for guidance.

**Part D:** Part D should contain Cases pending with DA for issuance of Final Orders after receipt of EOs Report.

*From:* The Date of receipt of EO’s Report by the DA.
*To:* The issuance of Final Orders.
NOTE: Appeal cases arising out of the Final Order issued by the DA will also be reflected in Part D. The pendency of the EOs report is to be reflected officer/official wise. A copy of the last report finalized at Corporate Office is enclosed for guidance.

(xvii) **Question**: What are the Responsibilities of the Desk Officer?

(a) Allotment of Complaint / Case Number in the colour coded format
(b) Assignation of Complaint / Case Title in the colour coded format
(c) Monitoring progress of ongoing DIs
(d) Timely submission of Four Part Report by 22nd of every month to DGM (Admn-Vig) for consolidation
(e) Intimation of commencement as well as closure of a DI in a colour coded format.

(xviii) **Question**: Who will initiate the Four Part Report?

Four Part Report will be initiated by the Complex HOD after obtaining the necessary details from the Division HODs and satisfying himself of its accuracy. Complex HODs will forward the same to the Desk Officer by 20th of each month. The Desk Officer after verification forward the same to DGM (Admn-Vig) CO, for consolidation by 22nd of every month, who will after consolidation ensure that the status is replicated in the Quarterly Report to be submitted to the MOD.

It is expected that Officers at all levels will satisfy themselves of the correctness of the details independently and not depend only on the data collated by their staff.

**Preparation of Annual Action Plan**:

As per CVC guidelines an “Action Plan” will be drawn every year for the period from April to March. In the Action Plan systematic Vigilance Inspections will be planned which will cover all the departments of HAL. Corporate office will draw an action plan for all the Divisions/Complexes. The Vigilance Inspections will also be planned for Liaison offices and other HAL offices located at various places. Based on the Action Plan drawn by the Corporate Office the divisional vigilance departments will draw their own detailed action plan and conduct the vigilance inspections and forward a report accordingly. The inspections carried out as per Action Plan are besides the routine and surprise inspections, which may be normally carried out by the vigilance department.

The Action Plan should essentially consist of the departments including sensitive and non-sensitive, their sections and places of interaction with public where the vigilance inspections are intended to be conducted. Once the Action Plan is conceptualised and put on paper responsibilities should be delegated to the
officers and staff to carry out vigilance inspections systematically and record their observations. The irregularities noticed during the inspection may be further investigated to pin point the responsibilities of the individuals for the lapses, which will be forwarded separately under the investigation reports for initiation of Disciplinary Proceedings if warranted.

The Action Plan should include a thorough study of systems, procedures, rules & regulations, to be carried out during the period. After the systems are studied thoroughly the loopholes/lacunae are to be pointed which aid manipulations/malpractices and also suggest remedial measures to plug the loopholes.

Vigilance Awareness programmes should be planned in the Action Plan periodically in co-ordination with the training department of the Divisions for both Executives and Non Executives.

**DO'S AND DONT'S FOR THE VIGILANCE STAFF :**

**DO'S :**

(a) Be objective in collecting facts and evidence- both oral and documentary.

(b) Develop an information channel for planning and conducting preventive checks so as to cover all the departments vulnerable to corruption.

(c) Before taking up any allegation for investigation always ensure that it has a vigilance angle.

(d) Complete investigations with reasonable speed and in an objective manner so as to instill a sense of confidence. Justice delayed is justice denied.

(e) Always be fair and impartial and without personal prejudices and influence while conducting an investigation.

(f) Plan adequately before commencement of an investigation and make reasonable assessments of time required.

(g) Investigate in detail to form a logical picture of all the facts and evidence. Link them to conclude in a fair and just manner.

(h) Check authenticity of the source.

(i) Conduct quality preventive checks.
(k) Ensure that investigation is meticulously factual, scrupulously fair and unfailingly speedy.

(l) Be a man of absolute integrity and devotion to duty.

(m) Always be firm in conviction and determination.

(n) Always submit your own claims for TA, Medical Reimbursement, LTC, etc, in time.

(o) Be polite and courteous. Give due regard to your seniors even if they are under investigation.

(p) Do consider everyone as honest and well meaning, unless proved otherwise.

(q) Do seek permission from your controlling officer before leaving Headquarters.

(r) Do keep your departmental head informed of your movements.

(s) Do exercise vigil on the activities of officials included in the Agreed List/ODI List.

(t) Do remain accessible to all employees.

DON'T’S:

(a) Do not be instrumental in building up a false case against an employee.

(b) Do not register a vigilance case under local pressures or pressure out of department including affinity, acquaintance, etc.

(c) Do not conclude in haste.

(d) Do not disclose source of your information.

(e) Do not divulge the identity of the complainant. It could lead to acrimonious relations.

(f) Do not be light hearted, flippant, irresponsible in your official conduct.

(g) Do not allow bias or prejudice to affect objectivity.

(h) Do not do anything with a view to settle scores.

(i) Do not ask for any undue favour.
(j) Do not avail any non-entitled facility even if offered.
(k) Do not take up petty cases for registration and investigation.
(l) Do not try to play the role of a policeman.
(m) Do not try to bypass any instructions from superior authority even in a circuitous way.
(n) Do not offer advice unless you are sure of its correctness and legal tenability.
(o) Do not be extravagant in your habits.
(p) Do not forget to submit your Property Returns in time.
(q) Do not develop familiarity with any particular employee or junior otherwise, your impartiality could be questioned.
(r) Do not accept gifts whose value is beyond the acceptable limits.
(s) Do not act in a manner which erodes faith of an employee in the functioning of vigilance.
(t) Do not engage directly or indirectly in trade or business.

**NINE GOLDEN RULES FOR VIGILANCE FUNCTIONARIES**

1. Vigilance is a Cerebral Department, a skill based set up. Update your skills.

2. Personal Integrity : Walk the talk. The same rule applies to you.

3. Develop Local Intelligence. You are the eyes and the ears of the Organization.

4. Listen More, Talk Less : Information to be shared on need to know basis.

5. Develop Team Spirit. Be Proud of the achievements of the Department. It is YOUR achievement.

6. Don’t be a part of internal group politics/dynamics in your Division. Earn respect through professional conduct.

7. Think Creatively, Out of box. Offer suggestions/viewpoints/opinions.


CHAPTER – V

VIGILANCE AND THE LAW

“We should keep strict vigil on the already controlled senses so that they do not get an opportunity to raise their ugly heads” Atharva Veda quotes


[12th September 1988]

An act to consolidate and amend the law relating to the prevention of corruption and for matters connected therewith.

Enacted by Parliament in the Thirty-ninth Year of the Republic of India.

Features of some important Sections of PC Act :

2. Definitions :

(b) "Public duty" means a duty in the discharge of which the State, the public or the community at large has an interest.

Explanation: In this clause "State" includes a corporation established by or under a Central, Provincial or State Act, or an authority or a body owned controlled or aided by the Government company as defined in Section 617 of’ the Companies Act, 1956 (I of 1956),

(c) "Public Servant" means :

(i) Any person in the service or pay of the Government or remunerated by the Government by fees or commission for the performance of any public duty;

(ii) Any person in the service or pay of a local authority.

(iii) Any person in the service or pay of a corporation established by or under a Central, Provincial or State Act, or an authority or a body owned or controlled or aided by the Government or a Government company as defined in section 617 of the Companies Act, 1956.

(iv) Any Judge, including any person empowered by law to discharge, whether by himself or as a member of any body of persons, any adjudicatory functions.
(v) Any person authorised by a court of justice to perform any duty, in connection with, including a liquidator, receiver or commissioner appointed by such court.

(vi) Any arbitrator or other person to whom any cause or matter has been referred for decision or report by a court of justice or by a competent public authority.

(vii) Any person who holds an office by virtue of which he is empowered to prepare, publish, maintain or revise an electoral roll or to conduct an election or part of an election.

(viii) Any person who holds an office by virtue of which he is authorised or required to perform any public duty.

(ix) Any person who is the president, secretary or other office-bearer of a registered co-operative society engaged in agriculture, industry, trade or banking, receiving or having received any financial aid from the Central Government or State Government or from any corporation established by or under a Central, Provincial or State Act, or any authority or body owned or controlled or aided by the Government or a Government company as defined in Section 617 of the Companies Act, 1956;

(x) Any person who is a chairman, member or employee of any Service Commission or Board, by whatever name called, or a member of any selection committee appointed by such Commission or Board for the conduct of any examination or making any selection on behalf of such Commission or Board;

(xi) Any person who is a Vice-Chancellor or member of any governing body, professor, reader, lecturer or any other teacher or employee, by whatever (resignation called, of any university and any person whose services have been availed of by a University or any other public authority in connection with holding or conducting examinations;

(xii) Any person who is an office-bearer or an employee of an educational, scientific, social, cultural or other institution, in whatever manner established, receiving or having received any financial assistance from the Central Government or any State Government or local or other public authority.

**Explanation 1:** Persons falling under any of the above sub-clauses are public servants, whether appointed by the government or not.

**Explanation 2:** Whenever the words "public servant" occur, they shall be understood as every person who is in actual possession of the situation of a public servant, whatever legal defect there may be in his right to hold that situation.
7. Public servant taking gratification other than legal remuneration in respect of an official act.

Whoever, being, or expecting to be a public servant, accepts or obtains or agrees to accept or attempts to obtain from any person, for himself or for any other person, any gratification whatever, other than legal remuneration, as a motive or reward for doing or forbearing to do any official act or for showing or forbearing to show, in the exercise of his official functions, favour or disfavor to any person or for rendering or attempting to render any service or disservice to any person, with the Central Government or any State Government or Parliament or the Legislature of any State or with any local authority, corporation or Government company referred to in Clause (c) of Section 2, or with any public servant, whether named or otherwise shall, be punishable with imprisonment which shall be not less than six months but which may extend to five years and shall also be liable to fine.

Explanation:

(a) "Expecting to be a public servant". If a person not expecting to be in office obtains a gratification by deceiving others into a belief that he is about to be in office, and that he will then serve them, he may be guilty of cheating, but he is not guilty of the offence defined in this section.

(b) "Gratification. -The word "gratification" is not restricted to pecuniary gratification or to gratifications estimable in money.

(c) "Legal remuneration". -The words "legal remuneration" are not restricted to remunerations which a public servant can lawfully demand, but include all remuneration which he is permitted by the Government or the Organisation, which he serves, to accept.

(d) "A motive or reward for doing". -A person who receives a gratification as motive or reward for doing what he does not intend or is not in a position to do, or has not one, comes within this expression.

(e) Where a public servant induces a person erroneously to believe that his influence with the Government has obtained a title for that person and thus induces that person to give the public servant, money or any other gratification as a reward for this service, the public servant has committed an offence under this section.

8. Taking gratification, in order, by corrupt or illegal means, to influence public servant.

Whoever accepts, or obtains, or agrees to accept, or attempts to obtain, from any person, for himself or for any other person, any gratification whatever as a motive or reward for inducing, by corrupt or illegal means, any public servant, whether named or otherwise, to do or to forbear to do any official act, or in the exercise of the official functions of such public servant to show favour or disfavour
to any person, or to render or such public servant to show favour or disfavour to any person, or to render or attempt to render any service or disservice to any person with the Central Government or any State Government or Parliament or the Legislature of any State or with any local authority, corporation or Government company referred to in Clause (c) of Section 2, or with any public servant, whether named or otherwise, shall be punishable with imprisonment for a term which shall be not less than six months but which may extend to five years and shall also be liable to fine.


Whoever accepts or obtains or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gratification whatever, as a motive or reward for inducing, by the exercise of personal influence, any public servant whether named or otherwise to do or to forbear to do any official act, or in the exercise of the official functions of such public servant to show favour or disfavour to any person, or to render to attempt to render any service or disservice to any person with the Central Government or any State Government or Parliament or the Legislature of any State or with any local authority, corporation or Government company referred to in Clause (c) of Section 2, or with any public servant, whether named or otherwise, shall be punishable with imprisonment for a term which shall be not less than six months but which may extend to five years and shall also be liable to fine.

10. Punishment for abetment by public servant of offences defined in Section 8 or 9.

11. Public servant obtaining valuable thing, without consideration from person concerned in proceeding or business transacted by such public servant.

Whoever, being a public servant, accepts or obtains or agrees to accept or attempts to obtain for himself, of or any other person, any valuable thing without consideration, or for a consideration which he knows to be inadequate, from any person whom he knows to have been, or to be or likely to be concerned in any proceeding or business transacted or about to be transacted by such public servant, or having any connection with the official functions of himself or of any public servant to whom he is subordinate, or from any person whom he knows to be interested in or related to the person so concerned, shall be punishable with imprisonment for a term which shall be not less than six months but which may extend to five years and shall also be liable to fine.

12. Punishment for abetment of offences defined in Section 7 or 11.

13. Criminal misconduct by a public servant:
(1) A public servant is said to have committed the offence of criminal misconduct:

(a) If he habitually accepts or obtains or agrees to accept or attempts to obtain from any person for himself or for any other person any gratification other than legal remuneration as a motive or reward such as is mentioned in Section 7; or

(b) If he habitually accepts or obtains or agrees to accept or attempts to obtain for himself or for any other person, any valuable thing without consideration or for a consideration which he knows to be inadequate from any person whom he knows to have been, or likely to be concerned in any proceeding or business transacted or about to be transacted by him or having any connection with the official functions of himself or of any public servant to whom he is subordinate, or from any, person whom he knows to be interests in or related to the person so concerned; or

(c) If he dishonestly or fraudulently misappropriates or otherwise converts for his own use any property entrusted to him or under his control as a public servant or allows any other person so to do; or

(d) If he -

   (i) By corrupt or illegal means, obtains for himself or for any other person any valuable thing or pecuniary advantage; or

   (ii) By abusing his position as a public servant, obtains for himself or for any other person any valuable thing or pecuniary advantage; or

   (iii) While holding office as a public servant, obtains for any person any valuable thing or pecuniary advantage without any public interest; or

(e) If he or any person on his behalf, is in possession or has, at any time during the Period of his office, been in possession for which the public servant cannot satisfactorily account, of pecuniary resources or property disproportionate to his known sources of income.

**Explanation:** (1) For the purposes of this section "known sources of income" means income received from any lawful source and such receipt has been intimated in accordance with the provisions of any law, rules or orders for the time being applicable to public servant.

(2) Any public servant who commits criminal misconduct shall be punishable with imprisonment for a term which shall be not less than one year but which may extend to seven years and shall also be liable to fine.
14. Habitual committing of offence under Sections 8, 9 and 12. Whoever habitually commits:-

(a) An Offence punishable under Section 8 or Section 9; or

(b) An offence punishable under Section 12, shall be punishable with imprisonment for a term which shall be not less than two years but which may extend to seven years and shall also be liable to fine.

15. Punishment for attempt.

16. Matters to be taken into consideration for fixing Fine.

17. Persons authorised to investigate:

Notwithstanding anything contained in the Code of Criminal Procedure, 1973, no police officer below the rank:-

(a) In the case of the Delhi Special Police Establishment, of an Inspector of Police;

(b) In the metropolitan areas of Bombay, Calcutta, Madras and Ahmedabad and in any other metropolitan area notified as such under sub-section (1) of Section 9 of the Code of Criminal Procedure, 1973, of an Assistant Commissioner of Police;

(c) Elsewhere, of a Deputy Superintendent of Police or a police officer of equivalent rank, shall investigate any offence punishable under this Act without the order of a Metropolitan Magistrate or a Magistrate of the first class, as the case may be, or make any arrest therefore without a warrant:

Provided that if a police officer not below the rank of an Inspector of Police is authorised by the State Government in this behalf by general or special order, he may also investigate any such offence without the order of a Metropolitan Magistrate or a Magistrate of the first class, as the case may be or make arrest therefore without a warrant:

Provided further that an offence referred to in Clause (e) of sub Section (1) of Section 13 shall not he investigated without the order of a police officer not below the rank of a Superintendent of Police.

18. Power to inspect bankers’ books:

If from information received or otherwise, a police officer has reason to suspect the commission of an offence which he is empowered to investigate under Section 17 and considers that for the purpose of investigation or inquiry into such offence, it is necessary to inspect any bankers, books, then, notwithstanding
anything contained in any law for the time being in force, he may inspect any bankers, books in so far as they relate to the accounts of the persons suspected to have committed that offence or of other person suspected to be holding money on behalf of such person, and take or cause or to be taken certified copies of the relevant entries there from, and the bank concerned shall be bound to assist the police officer in the exercise of his power under this section.

Provided that no power under this section in relation to the accounts of any person shall be exercised by a police officer below the rank of a Superintendent of Police, unless he is specially authorised in this behalf by a police officer of or above the rank of a Superintendent of Police.

Explanation : In this section, the expressions "bank" and "bankers books" shall have the meanings respectively assigned to them in the Bankers' Books Evidence Act, 1891,

19. Previous sanction necessary for prosecution.

(1) No court shall take cognizance of an offence punishable under Sections 7, 10, 11, 13 and 15 alleged to have been committed by a public servant, except with the previous sanction, -

(a) In the case of a person who is employed in connection with the affairs of the Union and is not removable from his office save by or with the sanction of the Central Government, of that Government;

(b) In the case of a person who is employed in connection with the affairs of a State and is not removable from his office save by or with the sanction of the State Government, of that Government;

(c) In the case of any other person, of the authority competent to remove him from his office.

(2) Where for any reason whatsoever any doubt arises as to whether the previous sanction as required under sub-section (1) should be given by the Central Government or the State Government or any other authority, such sanction shall be given by that Government or authority which would have been competent to remove the public servant from his office at the time when the offence was alleged to have been committed.

(3) Notwithstanding anything contained in the Code of Criminal Procedure, 1973-

(a) No finding, sentence or order passed by a Special Judge shall be reversed or altered by a Court in appeal, confirmation or revision on the ground of the absence of, or any error, omission, irregularity in,
the sanction required under sub-section (1), unless in the opinion of that court, a failure of justice has, in fact, been occasioned thereby;

(b) No court shall stay the proceedings under this Act on the ground of any error, omission or irregularity in the sanction granted by the authority, unless it is satisfied that such error, omission or irregularity has resulted in a failure of justice;

(c) No court shall stay the proceedings under this Act on any other ground and no court shall exercise the powers of revision in relation to any interlocutory order passed in inquiry, trial, appeal or other proceedings.

(4) In determining under sub-section (3) whether the absence of, or any error, omission or irregularity in, such sanction has occasioned or resulted in a failure of justice the Court shall have regard to the fact whether the objection could and should have been raised at any earlier stage in the proceedings.

Explanation: For the purposes of this section,

(a) Error includes competency of the authority to grant sanction;

(b) A sanction required for prosecution includes reference to any requirement that the prosecution shall be at the instance of a specified authority or with the sanction of a specified person or any requirement of a similar nature.

20. Presumption where public servant accepts gratification other than legal remuneration.

(1) Where, in any trial of an offence punishable under Section 7 or Section 11 or Clause (a) or Clause (b) of sub-section (1) of Section 13 it is proved that an accused person has accepted or obtained or has agreed to accept or attempted to obtain from himself, or for any other person, any gratification (other than legal remuneration) or any valuable thing from any person, it shall be presumed, unless the contrary is proved, that he accepted or obtained or agreed to accept or attempted to obtain that gratification or that valuable thing, as the case may be, as a motive or reward such as is mentioned in Section 7 or, as the case may, without consideration or for a consideration which he knows to be inadequate.

(2) Where in any trial of an offence punishable under Section 12 or under Clause (b) of Section 14, it is proved that any gratification (other than legal remuneration) or any valuable thing has been given or offered to be given or attempted to be given by an accused person, it shall be presumed, unless the contrary is proved, that he gave or offered to give or attempted to give
that gratification or the valuable thing, as the case may be, as a motive or reward such as is mentioned in Section 7, or, as the case may be, without consideration or for a consideration which he knows to be inadequate.

(3) Notwithstanding anything contained in sub-sections (1) and (2), the court may decline to draw the presumption referred to in either of the said sub-sections, if the gratification or thing aforesaid is, in its opinion, so trivial that no inference of corruption may fairly be drawn.

21. Accused person to be a competent witness.


23. Particulars in a charge in relation to an offence under Section 13. (1) (c).

24. Statement by bribe-giver not to subject him to prosecution:

Notwithstanding anything contained in any law for the time being in force, a statement made by person in any proceeding against a public servant for an offence under Sections 7 to 11 or under Sections 13 or Section 15, that he offender agreed to offer any gratification (other than legal remuneration) or any valuable thing to the public servant, shall not subject such person to a prosecution under Section 12.

25. Military, Naval and Air force or other law not to be, affected.

26. Special Judges appointed under Act 46 of 1952 to be special Judges appointed under this Act.

27. Appeal and revision.

28. Act to be in addition-to any other law.

29. Amendment of Ordinance 38 of 1944.

30. Repeal and saving:

(1) The Prevention of Corruption Act, 1947 (2 of 1947) and the Criminal Law Amendment Act, 1952 (46 of 1952) are hereby repealed.

(2) Notwithstanding such repeal, but without prejudice to the application of Section 6 of the General Clauses Act, 1897, anything done or any action taken or purported to have been done or taken under or in pursuance of the Acts so repealed shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under or in pursuance of the corresponding provisions of this Act.

Section 161 to 165-A (both inclusive) of the Indian Penal Code shall be omitted, and Section 6 of the General Clauses Act, 1897, shall apply to such omission as if the said section had been repealed by a Central Act.
Relevant Provisions of Indian Penal Code/Code of Criminal Procedure

Sec 120 (B) : Criminal Conspiracy
Sec 166   : Public Servant disobeying law with intent to cause injury
Sec 167   : Public Servant framing an incorrect document with intent to cause injury
Sec 168   : Public Servant unlawfully engaging in trade
Sec 169   : Public Servant unlawfully buying or bidding for property
Sec 192   : Fabricating false evidence
Sec 219   : Public Servant in judicial proceeding corruptly making report etc contrary to law
Section 403 : Dishonest misappropriation of property
Section 409 : Criminal Breach of Trust by a Public Servant
Sec 420   : Cheating and dishonestly inducing delivery of property.
Sec 441   : Criminal Trespass
Sec 463   : Forgery
Sec 468   : Forgery for the purpose of cheating
Sec 471   : Using as genuine a forged document
Sec 477   : Falsification of accounts
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